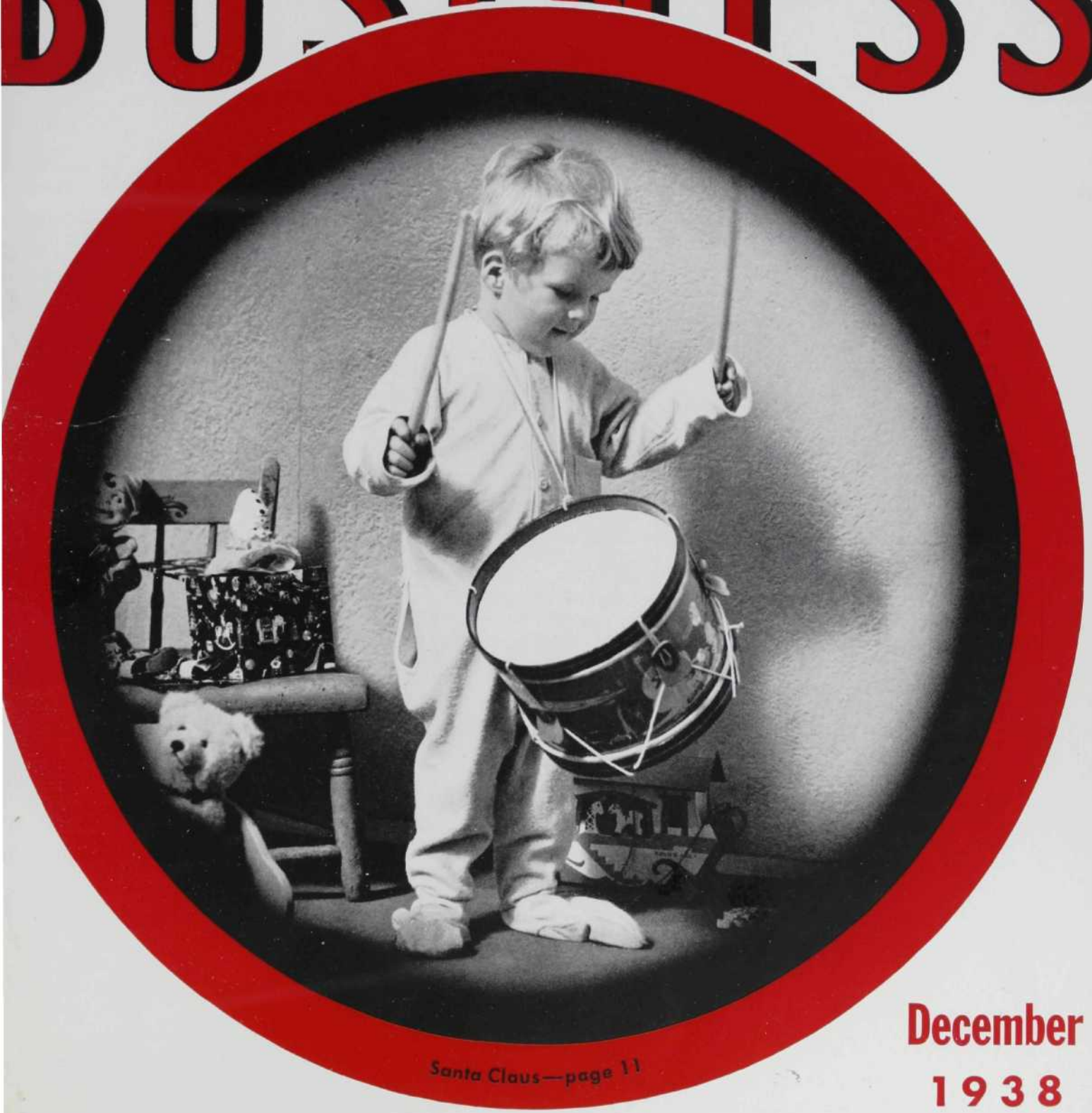
NATION'S BUSINESS



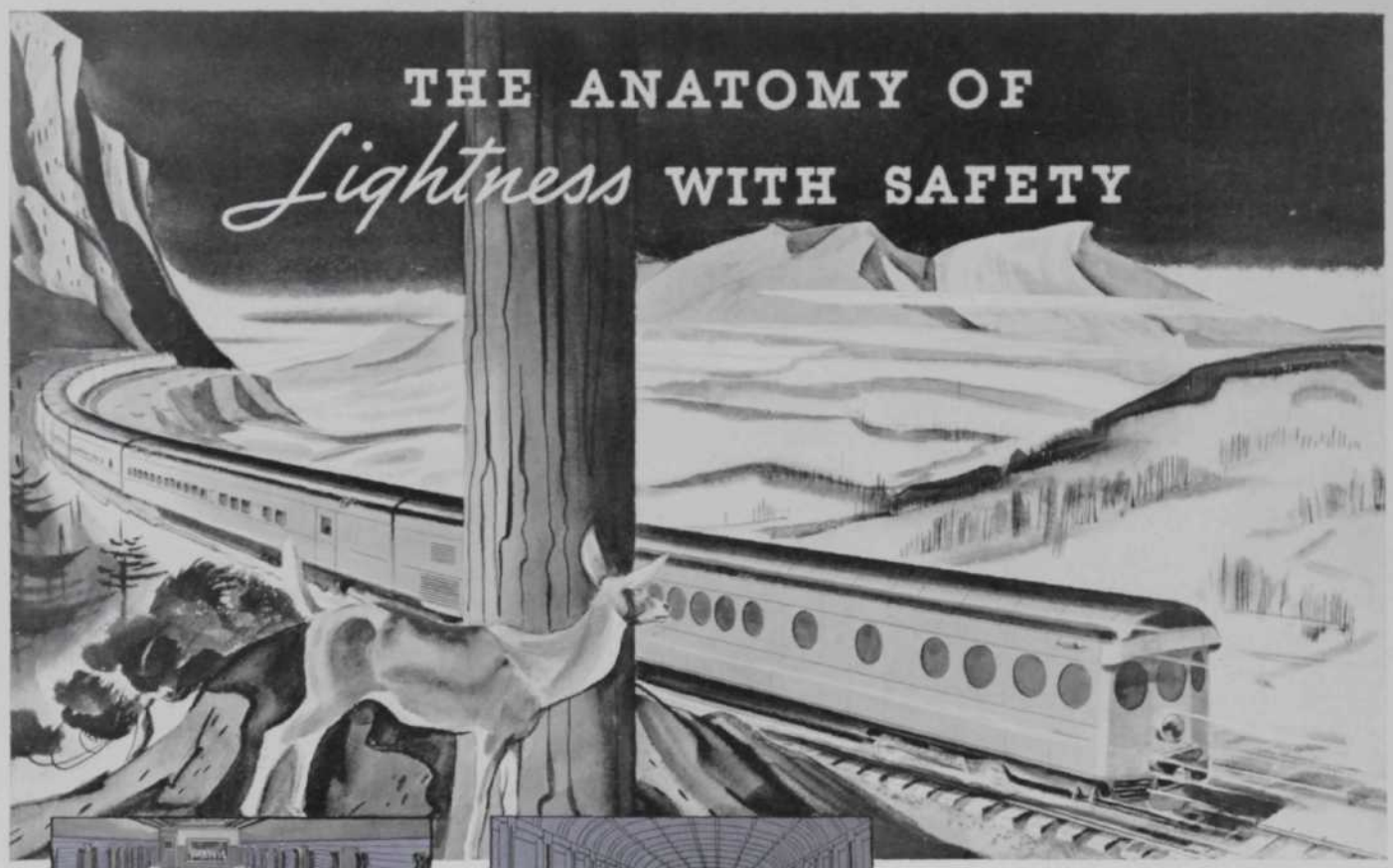
Santa Claus—page 11

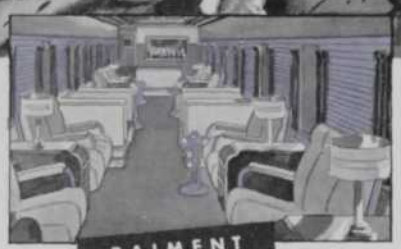
December
1938

Why Cheer for Social Security? • What Business Can Learn from Politics •

New Headaches for the New Congress • Your Bill for Government Frills

THE ANATOMY OF *Lightness* WITH SAFETY





RAIMENT

Thirty-six and one-half hours from Chicago to the coast in luxury! AND IN SAFETY! These Aluminum trains are the pace-setters in the new era of railroad transportation. But all the Aluminum you actually see is in the decorative details of the beautiful interiors. The secret of their lightness, their low center of gravity, their safeness, is in the construction you don't see . . . hidden under the paint, the carpet, the glamor . . .

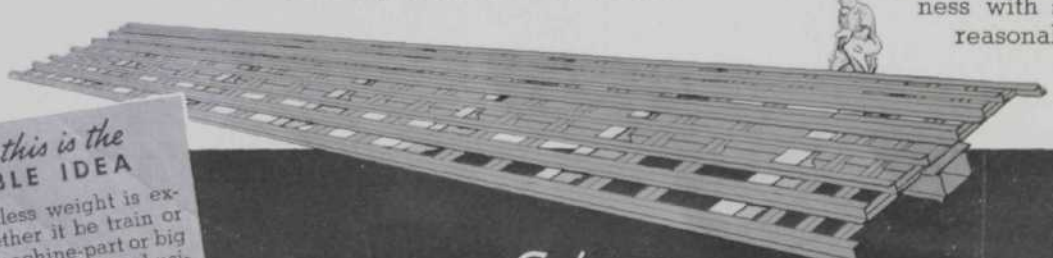


SKELETON

This is how an Aluminum car looks under construction. Strong alloys of Alcoa Aluminum form the entire framework, walls, ceilings, roofs and floors of the cars. Each car weighs only half as much as an old-fashioned car. Yet no whit of the safety that is traditional in American railroading is sacrificed. For with Alcoa Aluminum, builders attain lightness by using thick members that are both stiff and strong. Nature made Aluminum light. Builders don't have to skimp on metal to stay light.

BACKBONE Railroad standards, based on laws of the United States Post Office Department, require that the underframes of railway passenger cars shall stand 200 tons compression from end to end with proper factor of safety. The Alcoa Aluminum backbone alone in this underframe stands over 440 tons without buckling. That's super-safety, proved by actual test.

It's nothing but the soundest kind of engineering: The alloys of Alcoa Aluminum are naturally light. Research has made them very strong. Great investments in rolling mills and extrusion presses have made the necessary shapes available. The alloys of Alcoa Aluminum are fabricated easily by riveting or welding. The inevitable result is lightness with safety at reasonable cost.



. . and this is the LIFTABLE IDEA

Moving needless weight is expensive, whether it be train or truck, small machine-part or big equipment. We make it our business to be genuinely helpful in attaining lightness, whether your problem is in ounces or in tons. Aluminum Company of America, 2125 Gulf Bldg., Pittsburgh, Pa.

THE *Safe* WAY TO LIGHTNESS

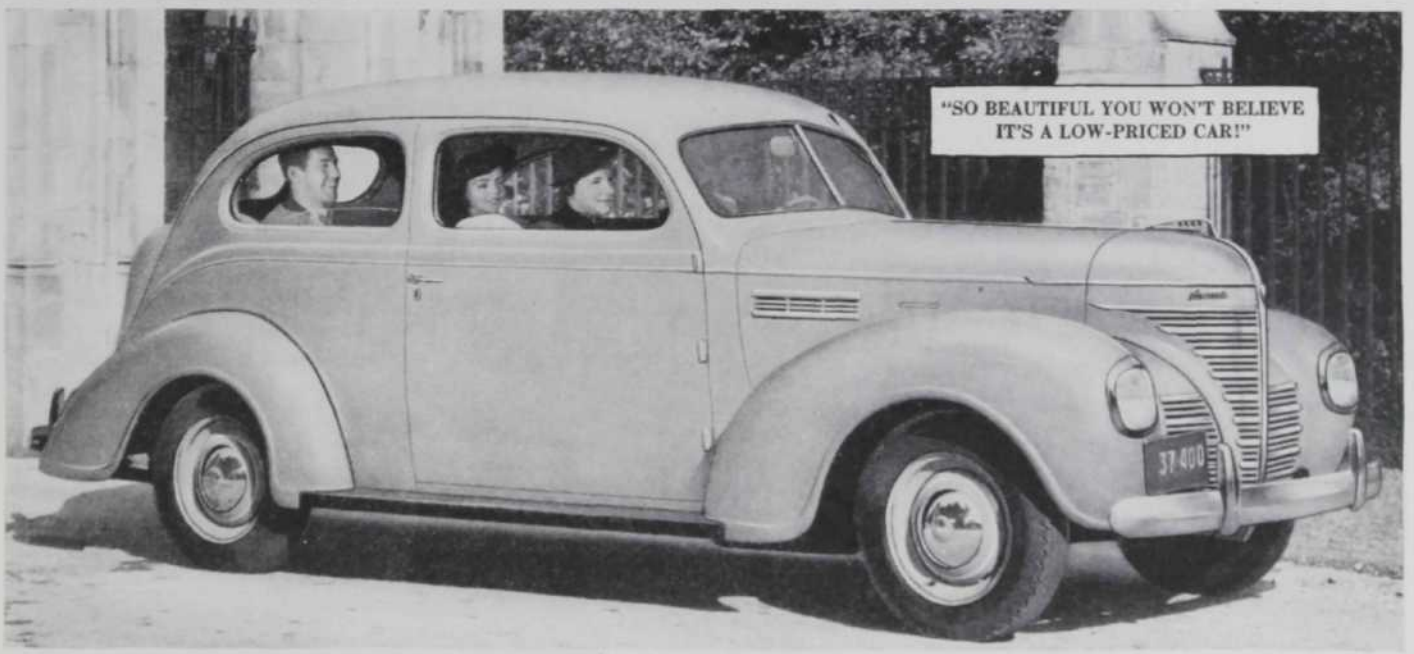
ALCOA ALUMINUM

The News Traveled Fast Plymouth's Got It!

BIGGER VALUE *Lower Prices*

THE NEW 1939 PLYMOUTH IS THE TALK OF THE U.S.A. —HERE'S WHY IT'S CALLED THE CAR OF THE YEAR!

1. Greater Size—114-in. Wheelbase
2. New High-Torque Engine Performance with New Economy
3. Perfected Remote Control Gear Shifting—marvelous new ease
4. New Auto-Mesh Transmission
5. New Amola Steel Coil Springs
6. New "Safety Signal" Speedometer
7. New Streamlined Safety Headlamps
8. Time-proven Hydraulic Brakes
9. Floating Power Engine Mountings
10. Rust-proofed All-Steel Body



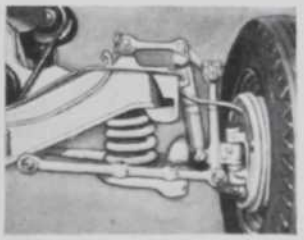
1939 PLYMOUTH "ROADKING" Two-Door Touring Sedan with thrilling new High-Torque engine performance and new economy!

PLYMOUTH'S new ride—new luxury and safety—are the talk of the automobile world!

And Plymouth is remarkably easy to own...your present car will probably represent a large proportion of Plymouth's low delivered price...balance in low monthly instalments. PLYMOUTH DIVISION OF CHRYSLER CORPORATION, Detroit, Michigan.



STANDARD EQUIPMENT on "De Luxe" at no extra cost—Perfected Remote Control Shifting with Auto-Mesh Transmission. Much easier.



NEW AMOLA STEEL Coil Springs give Plymouth its wonderful, new smooth ride. Amola Steel is the new marvel of metallurgy.

EASY TO BUY

CONVENIENT TERMS

"Detroit delivered prices" include front and rear bumpers, bumper guards, spare wheel, tire and tube, foot control for headlight beam with indicator on instrument panel, ash-tray in front and rear, sun visor, safety glass and big trunk space (19.6 cu. ft.). Plymouth "Roadking" models start at $645; "De Luxe" models slightly higher. Prices include all federal taxes. Transportation and state, local taxes, if any, not included. See your Plymouth dealer for local delivered prices.

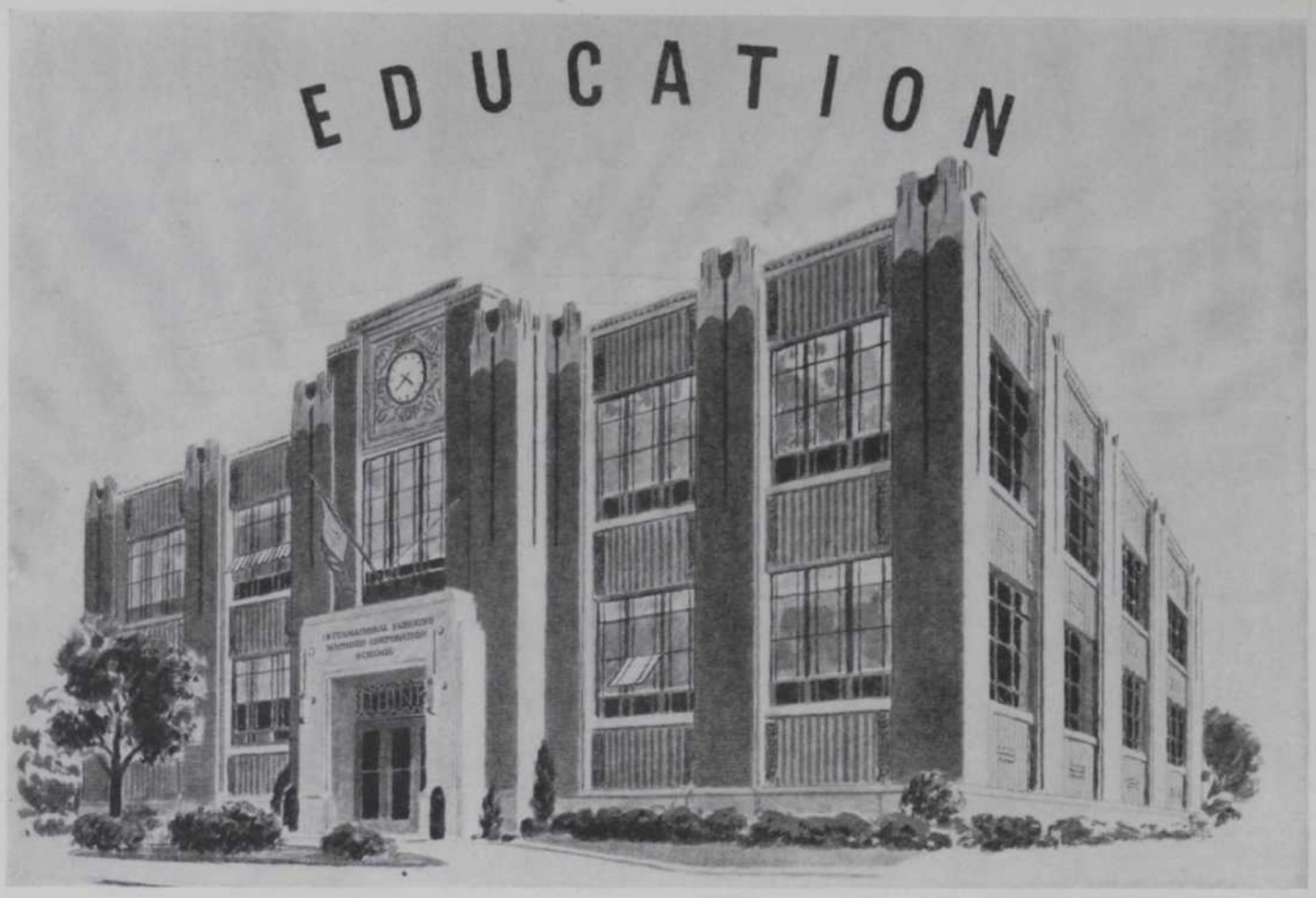
TUNE IN MAJOR BOWES' AMATEUR HOUR, C. B. S. NETWORK, THURSDAYS, 9-10 P. M., E. S. T.

PLYMOUTH BUILDS GREAT CARS

NEW "ROADKING"
NEW "DE LUXE"

THIS YEAR PLYMOUTH'S THE CAR

Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W., Washington, D. C. Subscription price $3.00 one year; $7.50 three years; 25 cents a copy. Entered as second-class matter March 29, 1920 at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the Act of March 3, 1879.



International Business Machines Schoolhouse, Endicott, New York.

Important Facts behind INTERNATIONAL BUSINESS MACHINES

In order that the users of International Business Machines may receive the full benefits of the latest machine methods and applications, this company maintains a school for the training of customers' supervisors and operators. Special training courses are conducted at Endicott, New York, and in International branch offices in important cities of the world.

The Customer Administrative School is an important part of the broad educational program which extends throughout the entire International Business Machines organization.

The schoolbuilding, shown above, is the heart of the International Educational System. International representatives from all parts of the United States and from many foreign countries attend classes held in this building. Courses are constantly being conducted for salesmen, service men, engineers, factory workers, office workers and executives.

Lectures are delivered by a staff of experienced instructors and by authorities from leading universities, as well as from the business world, to the end that International men and women may become better workers and bring greater efficiency and more profitable management methods to the users of International Business Machines.



International Business Machines representatives attending a class in business procedure.

INTERNATIONAL

BUSINESS MACHINES

Business Machines Corporation

World Headquarters Building, 590 MADISON AVENUE, NEW YORK, N. Y.

Branch Offices IN PRINCIPAL CITIES OF THE WORLD

NEW TRAINS... New Travelers



This year millions of Americans have rediscovered the pleasure of traveling by train. We have talked with some of them. We know why they are once more enthusiastic about train travel. Again and again we have heard the same phrase repeated —"It's these *new trains!*"

Your first glimpse of a silvery Budd-built streamliner, skimming arrow-like along the rails, is an invitation to travel. But there is a still greater thrill when you step aboard. Roomy, luxurious seats, restful color schemes, perfect air-conditioning and insulation against noise. You are hardly aware of speed until you watch the landscape shoot past the wide windows. And when you reach your destination you will be eager to travel the Budd way again.

Each of the twenty-four Budd-built trains now in service has produced a steady increase in passenger traffic. Wherever the new trains run they are attracting new travelers.

This is a hopeful sign for America's hard-pressed railroads. For the light-weight trains that Budd builds not only add to passenger revenue but *cost less* to operate. Budd design and the Budd SHOTWELD★ process make it possible to build with high-tensile stainless steel *throughout* the car structure, and thus achieve true light weight without the slightest sacrifice of strength or safety.

● *Originator of ALL STEEL★ automobile bodies, Budd has pioneered modern methods in the design and fabrication of many steel products. The Budd developments in stainless steel include railway cars, marine and bridge structures, airplanes, tanks, bus, truck and trailer bodies and equipment for the chemical and rayon industries.* ★Reg. U. S. Pat. Off.

EDWARD G. BUDD MANUFACTURING CO.
PHILADELPHIA AND DETROIT

BUDD METHODS SAFELY ELIMINATE DEAD-WEIGHT

NOW DIESEL COMES OF AGE



America is about to see for the first time a complete line of Diesel trucks specifically engineered and built for Diesel power

FOR more than forty years the possibilities of Diesel engines have tantalized the imagination.

And now industrial research has taken this cumbersome giant and made it mobile—light enough, compact enough, simple and sure enough in operation to add a brilliant new chapter to progress in transportation.

You see GM Diesel engines supplying the power for modern streamlined trains—and piling up a total of 10 million miles of mainline operation.

You see GM Diesel engines on the seas and under the seas—in everything from luxurious yachts to tugboats and submarines.

And now—as another new and wide application of these efficient and thrifty power units—you see GM Diesel-powered trucks and buses, manufactured by Yellow Truck and Coach Manufacturing Company, ready to bring Diesel advantages to the highways.

What makes this announcement possible is General Motors pioneering—years of brainsweat in the laboratory—and the application of volume production technique to the problems of precision engineering essential to Diesel success.

These new GM Diesel power plants for trucks embody all the basic principles developed and tested on the railroads—the unit fuel pump and injector—the perfected GM 2-cycle principle—Uniflow scavenging—standardization of parts.

Power for power they are the same size as gasoline engines—and deliver twice the work from every cylinder.

They will save, according to Proving Ground statistics, a conservative 40% on fuel, and it is safe to say they will outlast the trucks themselves.

Ready now for the toughest jobs on the highways they dramatically emphasize that Diesel has come of age.

GM
GENERAL MOTORS

GENERAL MOTORS

QUESTIONS our readers are asking:

1 • HAS the Social Security Act proven itself to be a "workable and working method of meeting urgent present needs"? ANSWER ON PAGE 15

2 • ARE the new alphabetical "emergency" agencies always going to be a part of the Government? . . . ON PAGE 17

3 • IS THERE any chance that the next Congress will give us lower and fairer taxes? ON PAGE 18

4 • WOULDN'T it be better in the long run to leave Christmas trees in the forests rather than cut down millions of them each year? ON PAGE 22

5 • WHY should I, a business man, attempt to make speeches or to get into the newsreels in competition with politicians and labor leaders who have nothing else to do? . . . ON PAGE 23

6 • DO foreign radio stations give the people the kind of programs we get in this country? ON PAGE 28

7 • NATURALLY I'm in favor of lower government costs but we can't let people starve, can we? . . ON PAGE 29

8 • IS THIS new regulation going to help or hinder the air lines? . . ON PAGE 31

9 • WHAT kind of a fellow is going to hold my job after I'm gone? . . ON PAGE 34

10 • WILL the President object to revision of the Wagner Act? . . ON PAGE 44

11 • WITH all these substitute fuels being developed, what is going to happen to the coal industry? . . . ON PAGE 56

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

VOLUME 26 — **Merle Thorpe, Editor & Publisher** — NUMBER 12

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BEAUTIFUL··· BUT DUMB !

The once common practice of trimming the tree with lighted candles was picturesque . . . but dangerous. The happy jingle of holiday bells was frequently drowned by the ominous clang of fire engines, and the firemen were as busy on Christmas Eve as Santa Claus himself.

For years the 200 capital stock* fire insurance companies comprising The National Board of Fire Underwriters conducted a campaign of public education against the use of lighted candles on Christmas trees.

So, nowadays people light their trees and windows with electric bulbs of many colors . . . and for greater safety they purchase only wiring that bears the approval of Underwriters' Laboratories, Inc., the testing service founded and sponsored by The National Board of Fire Underwriters.

The nation-wide fire prevention efforts of these capital stock fire insurance companies go on unceasingly. Much of the greater safety that you enjoy today . . . in safer appliances for use in homes and in industrial establishments, better building laws, more efficient fire-fighting methods . . . is due to this constant crusade.

CAPITAL STOCK Standard protection COMPANY INSURANCE

THE NATIONAL BOARD OF FIRE UNDERWRITERS
85 John Street, New York — Established 1866

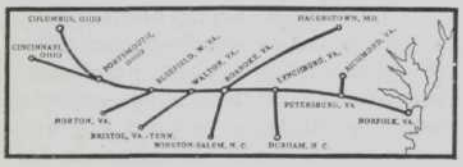
***CAPITAL STOCK COMPANY FIRE INSURANCE** provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized *public* services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders.



There's
REAL PUNCH
in
FUEL SATISFACTION

Wow! What a wallop! Fuel Satisfaction, too, packs a real punch! The unexcelled coals mined along the Norfolk and Western Railway have a supply of energy to meet every situation requiring the use of a dependable, efficient, economical fuel. When you are confronted with a fuel problem, call on the Norfolk and Western's trained fuel experts to assist you in a knockout!

For complete information about Fuel Satisfaction, telephone or write: Coal Traffic Department, Roanoke, Va., or any of the Railway's Coal Bureaus located at the following addresses: 833 Chamber of Commerce Building, Boston; 819 Marquette Building, Chicago; 904 Dixie Terminal Building, Cincinnati; 1161 Union Commerce Building, Cleveland; 1740 Book Building, Detroit; 1105 Reynolds Building, Winston-Salem; or any representative of the Railway's Freight Traffic Department.



1838 — A CENTURY OF SERVICE — 1938

NORFOLK AND WESTERN Railway

CARRIER OF FUEL SATISFACTION

Through the EDITOR'S SPECS

Signs of the times

RECENT events show that the "hate" virus against business is losing some of its potency. When a national poll finds the rank and file asking for "less restrictions on business," and political Washington broadcasting vociferously the "new cooperation" with business, both are signs of a changing sentiment at the grass-roots. No effort should be relaxed to overcome the hate-business campaign; "What helps business helps you" should carry on.

Hate and fear of our business system and business men have made it easy to extract billions from taxpayers to "protect" the public from the "power of entrenched greed" and the "economic royalists." Without this money, the program "to make America over" would go slowly and more soundly. Persuasion, without bribery, for 20 years buttered few parsnips in municipal power and light ownership, in the retail cooperative, in state medicine, in other proposed lines of competition with the individual. Nor would the socialistic changes taking hold on every front get anywhere in the United States if the compulsory contributions of tax money were whittled down to take care of the normal functions of government as we once knew them.

If those who are really paying the bill—those who work at productive jobs—become tax-conscious, and those whose savings in life insurance policies, homes and banks become tax- and budget-balancing-conscious, then, and only then, will there be hope of preserving the American tradition of free enterprise.

Money makes the mayor go

THE MAYOR of Guthrie, Okla., in an open letter defending his course in accepting a P.W.A. grant to set up a municipal power and light plant says that the "service of the private company is excellent," that its "relations with our people and local institutions have been the finest we could wish for" and its "employees are among our best neighbors and dearest friends."

But—and the milk in 100 cocoanuts is found in his "but"—

"... the City Council would be derelict indeed in the performance of our duty if we failed to give our citizens an opportunity to acquire their own light and power plant while it may be had with Government aid, at a cost of *only 55 cents* on the dollar."

Paging those taxless towns

THE GUTHRIE incident recalls that NATION'S BUSINESS once was skeptical about the much-publicized cities whose taxes were paid with the profits of their publicly-operated utilities. Chanute, Kan., you will recall, was the shining light. But we note that the P.W.A. had to come to its assistance last year with a grant of $26,000 for an addition to its steam generating plant. And, another taxless city in Florida, reporting that $900,000 of "earnings" from its light plant had been turned over to the General Fund, received a federal grant of $1,125,000 for extensions.

Query: Just who is really paying the "taxes" of these "taxless" towns?

Whole hog

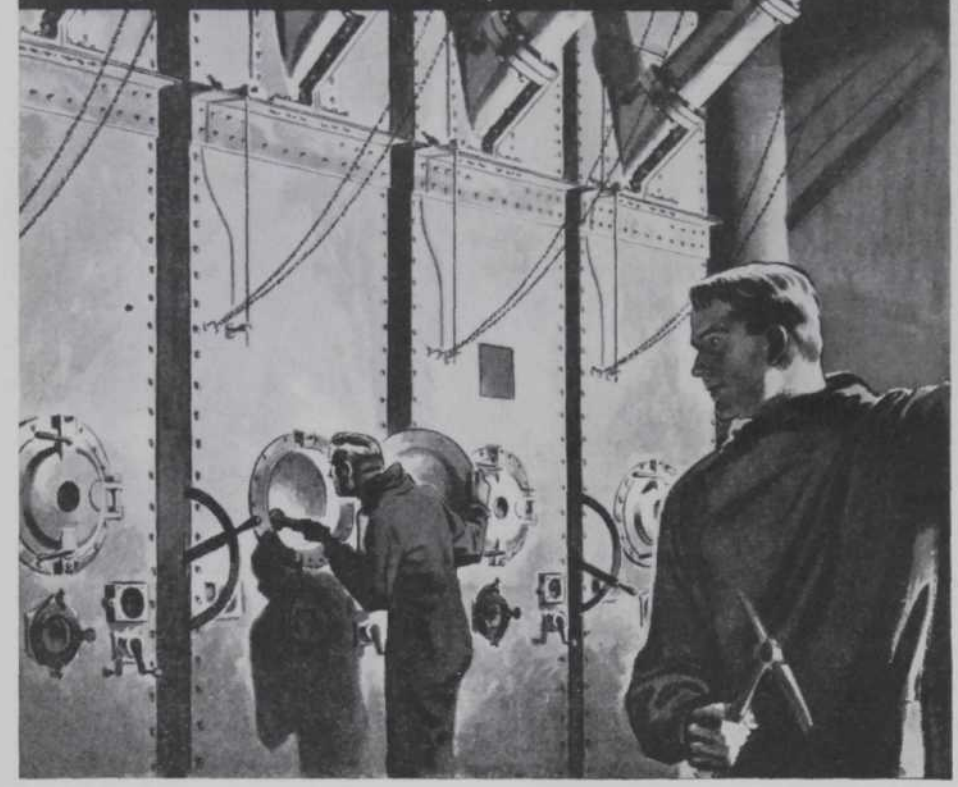
LAST MONTH we chronicled a survey by the Public Health Department which set forth the shocking fact that 32 per cent of expectant mothers never weighed themselves! In due course, the federal Government will take care of this; other federal agencies now usher the babies into the world; later they are nurtured by the National Youth Administration, supported by the W.P.A., and in old age will receive checks from the Social Security Administration. Now comes a suggestion—and from a business man, at that!—that the cycle should be completed by taking in the "last scene of all" under the same auspices.

"Community responsibility toward the living should extend to the dead," said Charles W. Porterfield, vice president of the National Funeral Directors Association, in urging government aid for burial of the indigent.

Workers in every garage

THERE has come to our attention—it doesn't matter how—a resolution adopted by Lodge No. 228, American

SAVING A BOILER . . . AND A BUDGET



When "caustic embrittlement," the most insidious of all boiler diseases, gave evidence of its presence in boilers which Hartford Steam Boiler had been asked to insure, the owners feared that the battery was doomed. The plant budget seemed threatened by a premature and highly expensive replacement.

At this point, Hartford's experience and skill proved their worth. Specialists from the Home Office went to work. For one solid week they reamed, hammered, probed, peered. Then, the investigation concluded, Hartford Steam Boiler outlined practical, economical repairs which permitted additional years of service.

The plant owner saved $50,000.

Things like this explain why the company writes about half of all power-plant insurance in the country. Such savings, wrought by the specialized knowledge of Hartford men and management, have often saved policyholders the equivalent of many years' premiums.

Hartford Steam Boiler's *primary function is to insure* the boilers and machinery under its policies. But, that industry's investment may continue safe . . . that plant-crippling accidents may be less likely to occur . . . *Hartford inspects.* And its record of 18,000,000 inspections invests its judgment in matters of power protection with high authority.

Ask your local agent or broker how Hartford's vigilance can take your power-plant troubles by the forelock.

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY HARTFORD, CONNECTICUT

Oldest in the Country, Largest in the World • Engineering Insurance Exclusively

Federation of Government Employes (A. F. of L.):

WHEREAS, 70 or 80 Labor Department employees are being moved to a garage building at 1516 Fourteenth Street, northwest, while ample space on the sixth floor of the Department's new air-conditioned main office building is to remain occupied by dead files, and

WHEREAS, this move was finally ordered by the Secretary of Labor without granting to representatives of the employee unions an interview which they had been requesting for a month—and in repudiation of promises by Labor Department officials to keep the workers in the main building if space could be found there for them, and to abide by the result of a secret ballot of the employees affected, which ballot stood 53 for the sixth floor and seven for the garage, therefore be it

RESOLVED, that the officials of the Labor Department should abide by the principle of collective bargaining, including the keeping of promises as well as making them, and be it further

RESOLVED, that if health conditions on the sixth floor are alleged to have had anything to do with ordering the employees moved to the garage, against their wishes, the promises of officials, and some considerations of efficiency which have been pointed out, steps should be taken to remove from the sixth floor 40 or 45 employees who have been crowded into about one-fourth of the sixth floor space that could have been given the petitioning employees by moving old files to the garage, and be it further

RESOLVED, that copies of this resolution be furnished to the Secretary of Labor, the Commissioner of Immigration & Naturalization, and the national offices of the A.F.G.E. and A. F. of L.

It must come as a shock to those naïve enough to place their faith in, and pin their hope to "Government" as the even-handed agency to establish justice between employer and employee, and "diminish the cause of labor disputes," as the Act reads, "burdening or obstructing interstate commerce."

Here is the militant head of the Labor Department, always ready to hail the non-social employer to account upon the slightest complaint of the slightest percentage of employees, yet betraying labor in its own house. Employer Perkins thus provokes a sit-down, or a slow-down. She may run the risk of being kidnapped if employees take her own prescription, which, according to Governor Davey, she suggested be done if necessary to make the employer bargain and sign.

Plebiscite, one of the good old European words we have adopted, seems to be all right for manufacturer Jones, but, tut, tut, not for home use.

It all increases our worry that ultimately we'll all be working for that same benign Government, and we, too, may have to take our mahogany desk to a garage.

Black and white

CHARLES C. Pearce, special assistant to the Attorney General of the United States, speaking for the so-

cialization of medicine, finds this "witch":

> There are many thousands of our citizens in all parts of the country in the lower income groups whose medical needs at present are being wholly or largely neglected, solely for financial and economic reasons. These citizens cannot afford to defray the high cost of providing adequate medical services.

Three weeks later, Dr. Thomas Parran, surgeon general, U. S. Public Health Service, the spear-head of state medicine, says:

> The people of the United States have been healthier during the last six months than at any time in history.

Encumbered by loving friends

"WHY DON'T you take up the cudgels for the consumer?" a lady asks us.

Being one ourself, along with 129,999,999 other Americans, we think of him often. But, at a time when the consumer is almost smothered by the number and ardor of her friends, we feel modestly that our regard may best be manifested by silence. The number of leagues and societies and brotherhoods in the field increases every week. A score or more federal agencies hover solicitously over this popular abstraction. Not to overlook the professors. One of them, Dr. John M. Cassells, director of the Institute for Consumer Education at Stephens College, recently uttered this fatherly rebuke to wayward adults:

> The total amount of time, energy and money misspent in a year through the ignorance, impulsiveness and incompetence of people in running their own lives is tremendous. The world we live in is one of enormous complexity and continual change. Yet in this highly dynamic environment we have hitherto left consumers dependent for their education to a very large extent on the most primitive methods of instruction, on the transmission by word of mouth from parents to their children of that meager and doubtful store of knowledge which they gleaned from personal experience or culled from traditions of the past.

Tough, isn't it, trying to get along in the world with only one's own experience and the traditions of the past, i.e., the experience of those who have gone before, as a guide! The remedy is obvious—to the professor. Let government take the responsibility. The $3,000,000,000 a year we are spending upon schools trying to overcome the "ignorance and incompetence" of the third of our population in the schools would seem inadequate.

Just like that:

GREAT EVENTS often revolve around tiny commonplaces. In the days when kings rode on horseback a kingdom was lost for want of a horseshoe nail. In our own capital some lawmaker may nonchalantly drop or add a cipher that is pregnant in its



HOW A MAN OF 40 CAN RETIRE IN 15 YEARS

IF you're around 40, you're lucky! If you're younger, so much the better. You can have a steady income guaranteed to you for life starting when you retire, an income that most men at 55 couldn't possibly afford!

By starting now on this simple, definite Plan, and putting in something each year, you make it easy to get a guaranteed monthly income for life when you retire.

$1800 a Year beginning at age 55

Suppose you decide that you want to be able to retire on $150 a month beginning at age 55. Here is what you can get:

1 A check for $150 when you reach 55 and a check for $150 every month thereafter as long as you live.

This important benefit is available alone; but if you are insurable, your Plan can also include:

2 A life income for your wife if you die before retirement age.

3 A monthly disability income for yourself if, before age 55, total disability stops your earning power for six months or more.

Best of all, the Plan is guaranteed by a company with over half a billion dollars of insurance in force. If you want to retire some day, and are willing to lay aside a portion of your income every month, you can have freedom from money worries. You can have all the joys of recreation or travel when the time comes at which every man wants them most.

The Plan is not limited to men of 40. You may be older or younger. The income is not limited to $150 a month. It can be more or less. And you can retire at any of the following ages: 55, 60, 65, or 70. Similar Plans are available to women.

What does it cost? When we know your exact age, we shall be glad to tell you. In the long run, the Plan will probably cost nothing, because in most cases, every cent and more comes back to you at retirement age.

Write your date of birth in the coupon below and mail it today. You will receive, without cost or obligation, a copy of the interesting illustrated booklet shown below. It tells all about the Phoenix Mutual Retirement Plan. Send for your copy now. The coupon is for your convenience.

ESTABLISHED 1851

PHOENIX MUTUAL

Retirement Income Plan

GUARANTEES YOUR FUTURE



Phoenix Mutual Life Insurance Company
321 Elm St., Hartford, Conn.

Please send me by mail, without obligation, your book describing the PHOENIX MUTUAL RETIREMENT PLAN.

Name _____

Date of Birth _____

Business Address _____

Home Address _____

Copr. 1938, by Phoenix Mutual Life Insurance Company

IT'S A THRIFTY* THRILL LONG DISTANCE LENDS



TO HOLIDAY CHATS WITH FAR-OFF FRIENDS!

The holiday season brings back memories of bygone days and old-time friends. You find yourself wondering how they are and what they're doing.

That's the time to pick up your telephone and renew acquaintance across the miles. Greetings are warmer when they're *spoken.* Familiar voices make family news more satisfying. And genuine pleasure goes *both* ways, always.

Try a telephone reunion at holiday time —and you'll want to do it all year round. Rates are low during the day and are even lower to most points after 7 P.M. and all day Sunday.

Long Distance rates for calls to many points are listed in the front of your telephone directory.

* *Especially after 7 P.M. or all day Sunday!*

BELL SYSTEM
AMERICAN TELEPHONE & TELEGRAPH CO. AND ASSOCIATED COMPANIES

influence on Mr. and Mrs. Taxpayer.

You may have wondered why the first big spending-lending appropriation by Congress was $3,300,000,000. What was the extra $300,000,000 for? William J. Schultz, tax expert, explains it in his book, "Your Taxes."

Senator Wagner had received assurances that New York would get $300,000,000, whatever else the big handout covered. When the Senator was working on the bill in his office, with a corps of typists clattering away noisily, he shouted to his secretary: "What about the $300,000,000 for New York?"

"I put it in," the secretary yelled back.

The Senator heard only the last three words, "Put it in," took up a sheet and pencilled in the extra "3." And the bill went through for $3,300,000,000 instead of an even $3,000,000,000. Thus may we see how diligent our servants are in handling our money.

On the road home

BUSINESS MEN see in the recent elections, regardless of party labels, an evidence of homesickness for the old American ways. They see in the ballots that the average voter recalls that what helps business helps him and, after a dizzy, giddy whirl of business hating and baiting, he'd like to see what a real breathing spell would do for prosperity and employment. Moreover, after a wild night, he's looking in his wallet, a little tax-conscious, perhaps, and saying, "I wonder if it was worth it?"

This national nostalgia has been apparent to the business man. Manufacturers are finding the public swinging back to old-fashioned furniture; builders and architects that the people are turning away from modernistic geegaws; dress designers are going back to old styles, even hoopskirts; the three decker novel is a best seller; the Big Apple has given way to the Lambeth Walk, and jazz tunes are replaced by "A Tisket, a Tasket" and "Round the Mulberry Bush."

Likewise the jazzy fashions in government are under critical scrutiny born of a homesickness for the old American methods.

American citizens have been led a long way from their homes. They have tried out the "isms" of foreign countries. They have enjoyed the adventure. They entered enthusiastically into experimentation with foreign methods of life. They planted Blue Eagles in every window of store and home. They signed up to kill pigs and cattle. They agreed to plow under every third row of cotton. They have chanted ecstatically the alphabetical slogans from A.A.A. to X.Y.Z., not fully understanding them all but believing it worth a try to find a way whereby the vicissitudes of old age, the rigors of youth, and every ill in between could be overcome by political magic. They got a long way from home and there is evidence that homesickness is showing up.

America is a young country. Like youth, it rambles occasionally but ultimately, like youth, finds its way home again.

Santa Claus

THE YOUNGSTER whom Armstrong Roberts pictures on our cover this month is about to give noisy expression to his joy that "Santa Claus has been here." Doting adults will take a vicarious joy in encouraging his belief in this pretty myth. Even those who actually bought the presents which the youngster attributes to Santa Claus are content with anonymity, because the belief in a generous saint is amusing in children.

It is less amusing in adults. But unfortunately it is becoming more and more widespread. Politicians, substituting "the guv'munt" for Santa Claus, have encouraged too many of us to believe that it is possible to get something for nothing. And those who pay the taxes which make this government largesse possible have, like the anonymous doubles for Santa Claus, remained silent.

As a result, although this child is too young to know it, he already owes $430 as his share of the government debt. Next year he will owe more.

Browsers

WHEN time relents his pressure for a few minutes we like to sneak around to Paul Pearlman's old book shop on G Street and watch the casual nibblers feeding on his treasures.

"We like them all except one class —the book thieves," said the owner.

It seems that the ownership of books may become such a passion with those who have caught the fever that having no money they will pick off desirable volumes anyway.

"We can't watch our display shelves out front all the time and that means we lose a great many volumes," Mr. Pearlman explained.

One day a volume from a set on Modern Business by the Alexander Hamilton Institute disappeared. The remaining titles were marked down for sale separately and left on display. Two days later five more from the same set were missing. Still a third time the mysterious customer returned and on the last trip took the rest of the set. Such thirst for knowledge could not go unappeased.

"Dental services $115.00"

How's your employee to pay this bill?



He's one of your factory hands, let's say. Making enough to support his family and pay his day-to-day bills. He's even been able to make a down payment on a home. Then comes a heavy emergency expense—$115 for work on his wife's teeth. How's he going to pay *that* bill on *his* wage?

He'll probably need a loan—from you or from someone else. You may not wish to make it. He can hardly go to his friends—they have their own expenses. The bank will require collateral he doesn't own or co-signers he can't get.

In such a situation Household Finance renders financial first aid. From Household wage earners can borrow from $20 to $300 on a business-like basis and at reasonable cost. Borrowers repay in 10 to 20 monthly payments which average only about 7% of current income. In this way Household Finance meets the emergency money needs of thousands of families without bank credit.

Thousands learn money management

Household renders another important service to wage earners. Household's educational program in money management and better buymanship shows families how to save on daily necessities—how to get more from limited incomes. Hundreds of schools and colleges use Household's consumer publications as texts.

Wouldn't you like to know more about this service which helps answer the money problems faced by your employees? The coupon will bring you further information without obligation.

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Headquarters: 919 N. Michigan Ave., Chicago
"Doctor of Family Finances"

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STEPS UP MILEAGE BY 80%-and More! ..USERS REPORT

—that's why it is the GREATEST IMPROVEMENT IN TRUCK TIRES IN 20 YEARS

"TIRES rarely gave us 25,000 miles of service. We now have some 25 or 30 Goodyear YKL's in service that have averaged between 50,000 and 60,000 miles, and heat blow-outs are no longer the problem they were before we started using YKL."

WALSER TRANSPORTATION, INC.
Greensboro, North Carolina

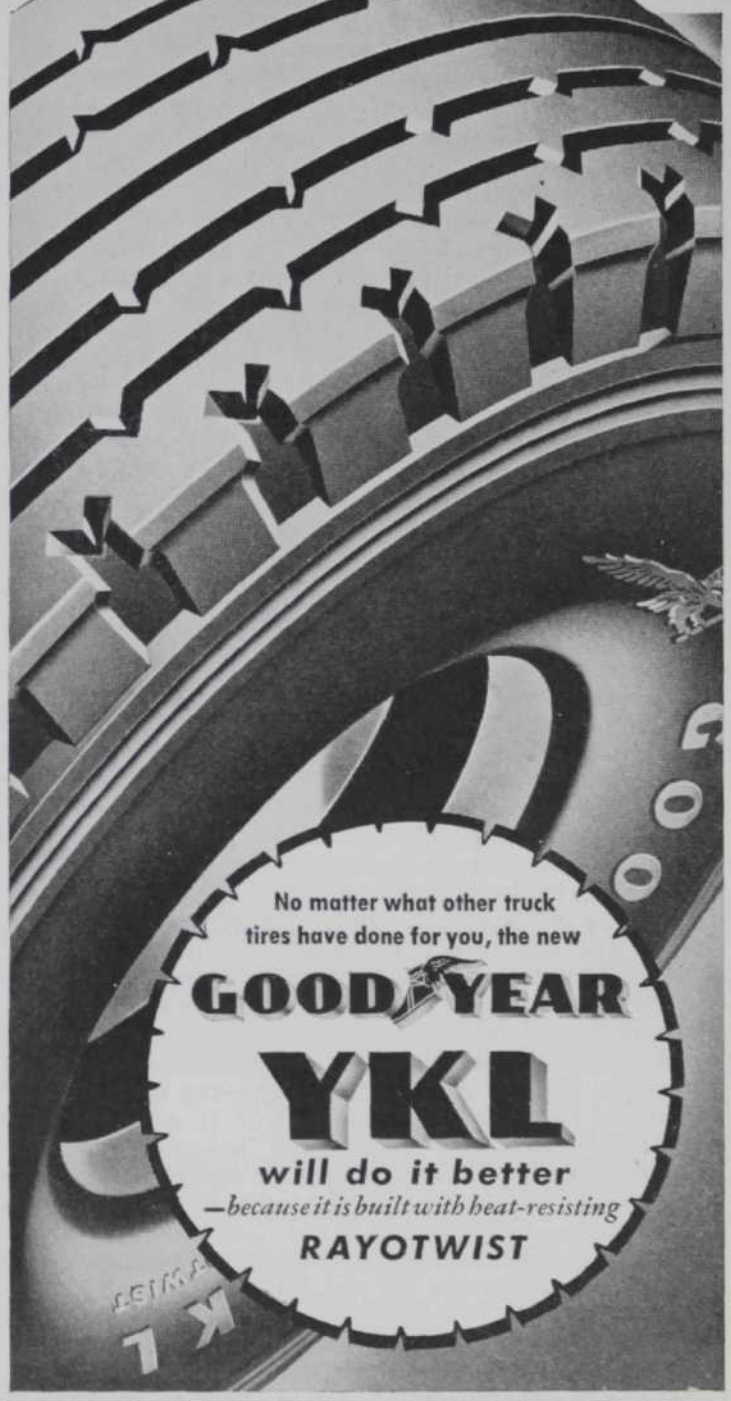
Hundreds of letters like this testify to mileage increases of 80% and more with the new Goodyear YKL truck tire.

This tremendous step-up in mileage results from the use of a new basic material in every ply—an amazingly tough, satin-like rayon cord, called RAYOTWIST, spun from cotton cellulose and like carbohydrates. It far excels ordinary tire fabric in resistance to heat — *the cause of 82% of all truck tire failures!*

Because of this, YKL's give you NINE standout advantages under even the severest conditions:

1. LONGER TREAD WEAR
2. LONGER BODY LIFE
3. GREATER BRUISE RESISTANCE
4. GREATER SAFETY FACTOR FOR OVERLOADS
5. GREATER SAFETY FACTOR FOR UNDER-INFLATION
6. HANDLES SPEED HEAT
7. GREATER RESISTANCE TO BRAKE DRUM HEAT
8. TAKES MORE RETREADS AND RECAPS
9. GREATER ACCIDENT IMMUNITY

Take the word of men who are using them—*Put on Goodyear YKL's and watch your mileage jump!*



FOR LOWEST COST PER MILE *Use*

THE GREATEST NAME IN RUBBER

GOODYEAR YKL

FOR TRUCKS • BUSES • TRAILERS

Let's Keep the Brakes in Good Order

WHEREVER an attempt has been made to overthrow a social order, whether an American revolution or a German putsch, the revolutionists invariably follow two lines of attack. One is to kindle hate against those who symbolize the existing order. The other is to enlist the physical force to get control.

We see illustrations wherever we look. In Russia, Lenin fired the workers and soldiers with deadly hate of aristocrats, land owners, and the intelligentsia. In Italy, Mussolini fanned Italian emotions to white heat by stigmatizing strikers and others of his old friends in the labor unions as Communists seeking to Russianize Italy. Hitler imbued the Germans with loathing of the Jew as the personification of all evil.

We are changing our social system in the United States, and by the same methods. Whether for good or ill, there can be no mistaking the historic technique of revolution.

Our hate campaign has been directed at business and the business man. Seldom a day has passed or an hour on the radio that the public has not been exhorted to hate business. Bankers were "money changers" to be driven from the temple; investment bankers appropriated the widow's mite without conscience; the "power trust" was bleeding the people white; commercial aviation was without morals; manufacturers were exploiters of child labor, operators of sweat shops and labor tyrants; lumber, oil and coal men were "barons"; stock and grain exchanges were gambling houses; retailers were gougers and chiselers; steel and chemical companies, fomenters of war; railroads mismanaged; telephones, too much power for the public good; and the stage now set to complete the cycle by harassing insurance institutions. Lawyers, newspapers, every agency of free opinion which might counteract the campaign of hate have been abused.

No epithet Hitler could invent to describe the Jews was more hate-arousing than those we applied to business men. Perhaps the high point was reached when a federal administrator called them "little men with rodent blood in their veins." Our newest administrator was milder when he called the employer who couldn't pay the fixed wage "indecent."

To harvest the sowing of hate and overturn the established order, revolutionists must march with muskets. Black shirts, brown shirts, secret orders, storm-troopers, seizure of the army, their part we all know. But we, being a wealthy nation, do it differently—as Professor Tugwell said in an unguarded moment, by "subterfuge"—painlessly, but just as effectively. Our muskets are money.

The head of P.W.A. does not march with armed men into 124 municipalities to confiscate private power plants. He marches in with $160,628,752. Retail stores are not taken over by force as in Russia; we establish competitive cooperatives with money that was appropriated "to relieve distress." Banks do not yield up their buildings to armed forces, they deliver their depositors' money to the Secretary of the Treasury, and face competition in 19 great federal lending agencies.

We, as American citizens, would fight an overturn to the Fascist state by armed troops, yet, we have complacently viewed the march which has taken us three-quarters of the way down the road to Fascism. Washington today controls and allocates most of our working capital; it fixes wages, fixes hours, and prices, and is in 250 different lines of business. Washington is moving surely into state capitalism that marks the totalitarian countries of Europe.

Those who deplore the changes taking place in our American system of free enterprise should continue to help dispel the hate against business, should join the movement to show that business is beneficent, not malevolent, that "What helps business helps you," and, second, move to deprive the revolutionists of their muskets by demanding tax reduction and that expropriation of savings through federal borrowings be stopped.

Recent events show that democracy can apply the brakes, but there must be no let-down in keeping the brakes in good working order.

Merle Thorpe

Do You Know the 4 Simple Steps of The Mimeograph Process?



An Idea is Born in one man's mind. Something to make sales, or cut costs or smooth out a business bump. Man dictates idea, or scribbles it down. Dozens or thousands must have a copy of that idea—fast and economically.



Birth of the "Master"—Girl prepares Mimeograph Stencil Sheet. Puts it in typewriter just as ordinary piece of paper. Types it just as a letter is typed except ribbon is lowered. Takes it out and the Master Copy of one man's idea is ready. The Mimeograph Stencil Sheet can also be written on by hand—and drawn on, too. It is graduated with neat silver lines so you can place your message exactly where you wish.



Idea Multiplies—Operator "buttons" stencil sheet on Mimeograph Machine. He "inks up" without touching the ink. (Some models are self-inking.) You'll admire the smooth-as-silk consistency and the ever-true, ever-black of Mimeograph Inks. Then he spins, or lets electricity spin for him, the machine. And out sail papers vitalized by One Man's Idea at the rate of 60 to 150 per minute!



Idea Goes to Town—The last of the four simple steps: getting One Man's Idea out to Many Men's minds. Via Mimeograph and the U. S. Mail or whatever manner of distribution is used. If you are not already taking advantage of this easy-to-use Mimeograph Process, don't you think you should? The dealer is listed in your phone book.

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Has the Act proven itself a "workable and working method of meeting urgent needs?"

Why Cheer for Social Security?

By ABRAHAM EPSTEIN

NOW, with the festivities marking Social Security's third birthday fresh in our minds, let's try to find out what it was we were celebrating

"SOCIAL security has a third birthday to celebrate!" The radio and press blared this information to a startled nation last August. Catching the spirit of the jubilation, governors and mayors promptly proclaimed special social security "days" or "weeks." Led off by a speech broadcast through a national hook-up by the President of the United States, social security officials, their families and friends, gathered at festive boards in Washington and elsewhere to toast the occasion with oratory and mutual congratulations.

No one questioned that the Administration which, as a result of the Social Security Act, collected about $2,000,000,000 in new taxes, and the thousands of employees who established themselves in federal and state jobs through the Act had reason to celebrate. The feeling was general that jubilation was warranted even on the part of some others such as the tattooing craft, which was completely resuscitated by the Act, the new card-framing industries, which grew up overnight as a result of the number identification system, and the like.

The sudden merry-making aroused surprise, however, because the Administration had let the Act's first two birthdays pass unnoticed. In speculating on the motives, some ill-disposed persons explained the fuss by the political necessities of the "purge" and the oncoming primary elections. Others thought the celebration was inspired by the need for publicly blessing one of the Act's sponsors then facing a losing primary. Some people were even so cruel as to suggest that the entire performance was mere whistling to keep up courage.

Since these interpretations can obviously be charged to "economic royalists," we shall accept the official explanations. Thus, according to the

President's radio speech, rejoicing was in order because three years' operation has proven that "the Social Security Act offers to all our citizens a workable and working method of meeting urgent present needs and of forestalling future needs."

Arthur J. Altmeyer, Chairman of the Social Security Board, also assured us that "the practical, measurable accomplishments of these first three years have fully demonstrated what the American people can do to protect themselves against major economic hazards."

Without therefore questioning the Administration's faith in the Act, three years of its operation entitle us to go beyond the repeated official assurances of its efficacy and to appraise its actual achievements. Since the Act was not established to spare the United States Treasury from borrowing money, or to create jobs for deserving Democrats and others, or to boost the tattooing profession, but to provide greater security for American workers, thereby enhancing the welfare of the nation as a whole, our examination of its first three years of operation must be confined to its basic aims.

Consider the insurance features

HAS the Act proven itself "a workable and working method of meeting urgent present needs"? Any answer that the grants-in-aid programs in the Social Security Act do, to a large extent, meet the needs of our dependent aged, the blind, and dependent children would merely beg the question. Compared with the prodigious old age and unemployment insurance systems, the grants-in-aid provisions are relatively insignificant. The sound assistance plans, all of which were operating in the states before the Act was passed, have never represented an issue in discussions of the Social Security Act. They have nothing in common with its insurance programs and their inclusion in the same law merely confuses the issues raised. The test of the Act's achievements lies entirely in the insurance features for old age and unemployment.

What then is the accomplishment of the old age insurance plan of the Social Security Act? Search reveals that the achievements in this stupendous national undertaking are limited so far to the issuance of about 40,000,000 social security numbers—a meaningless operation from every point of view since none of the countries which have been operating social insurance for more than a generation found it necessary to use such a top-heavy and costly identification system. In addition to sending out cards with nine mysterious ciphers, the Social Security Board, by June 30, 1938, paid out $5,431,000 in 169,622 lump-sum claims at age 65 and for death benefits. The average benefit last June rose to $34.87 a claim. The reader may well be spared any discussion of whether a single benefit averaging less than $35 to a widow or to a person reaching 65 meets urgent needs.

Can the old age insurance system forestall future needs? No system of assurance against old age want can offer basic protection unless it provides a monthly average of at least $30 a person. But, under our old age insurance system, only the worker who has earned at least $100 monthly steadily for about 20 years can receive this allowance. With sickness, strikes and unemployment whittling down his working period, the average worker will require nearly 25 years' work to obtain this benefit. Moreover, there is no provision for the annuitant's wife unless she has been a wage-earner.

Workers get little return

THEREFORE, most workers will never attain even a minimum subsistence for themselves and their wives under the present Act. Indeed, although a couple, if dependent, can receive up to $60 monthly under most state assistance plans, the worker who has contributed during most of his working years to the insurance fund will get only about half that amount for himself and his wife.

(Continued on page 66)



The danger is that Congress, in trying to appease promoters of pension Utopias, may merely compete with them

New Headaches for the New Congress

By HERBERT COREY

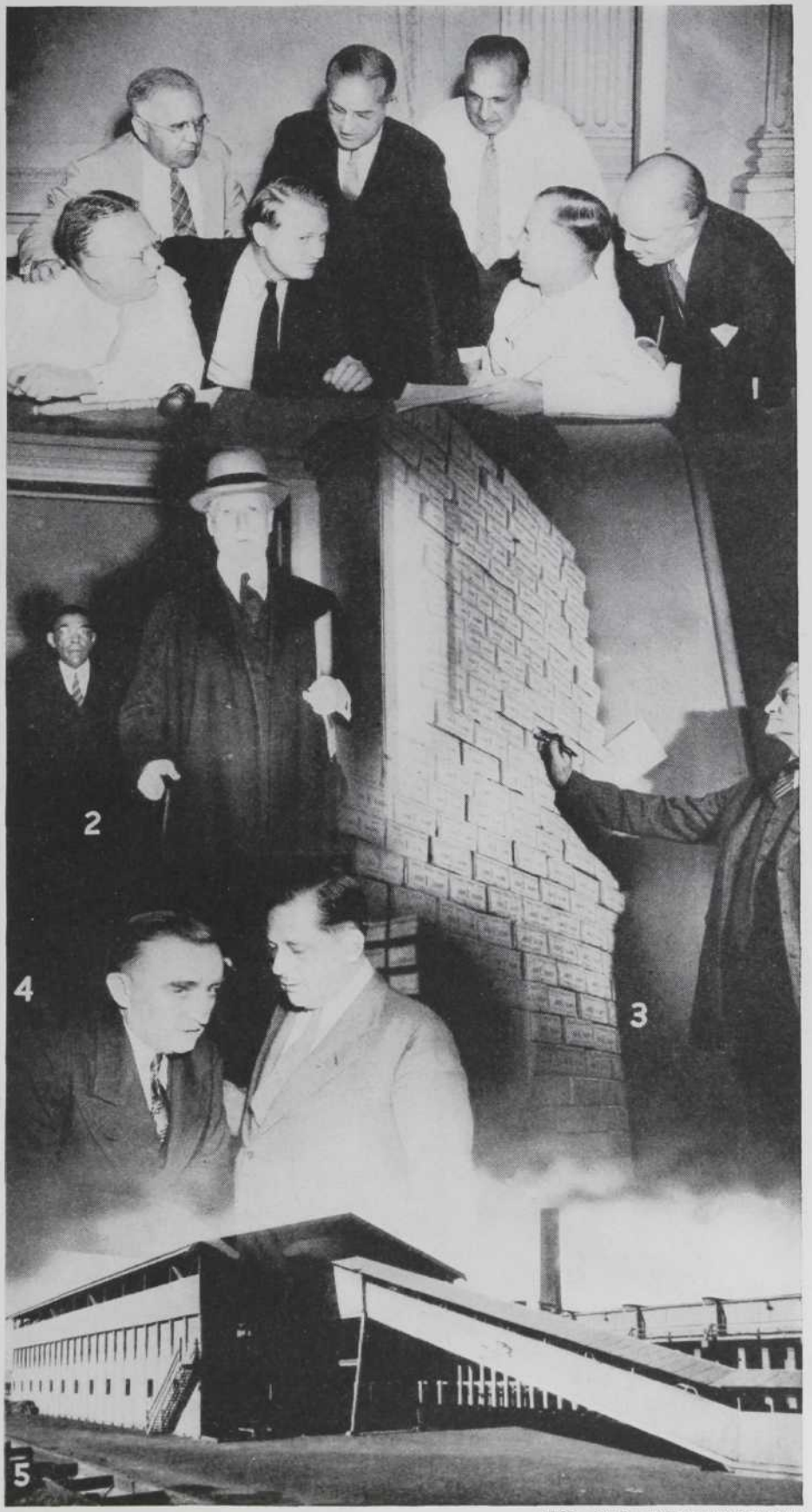
MAYBE this is a swan song. I never heard a swan sing and so I wouldn't know. But it seems to me that the Old Line in four government departments is fading and deserves a requiem. The four departments are Labor, Commerce, Agriculture and Interior. The alphabetical activities of the past few years are still technically classed as emergencies. But, one by one, they are moving into the shelter of the four Old Line departments. Presently they will swamp the Old Line.

This is natural and inevitable. The six departments which carry on the actual business of government have not yet been greatly affected. War and Navy still watch out for our defense. Post Office carries the mails, and State cares for our international relations. Treasury keeps the books and handles the money and is therefore engaged to some extent with the New Line. Justice enforces the laws and the New Line abounds in new statutes. The four other departments are the natural repositories for New Line activity. Perhaps it is an exaggeration to say that it will swamp them. Yet what farmer who is told by Agriculture that he may not plant wheat in the south forty will pay much attention to Agriculture's beneficial bestirrings against the white-fringed beetle?

A recent bulletin of the Civil Service Commission has a significant passage. Of the 857,520 employees of the executive departments who were paid $128,071,062 in salaries that month;

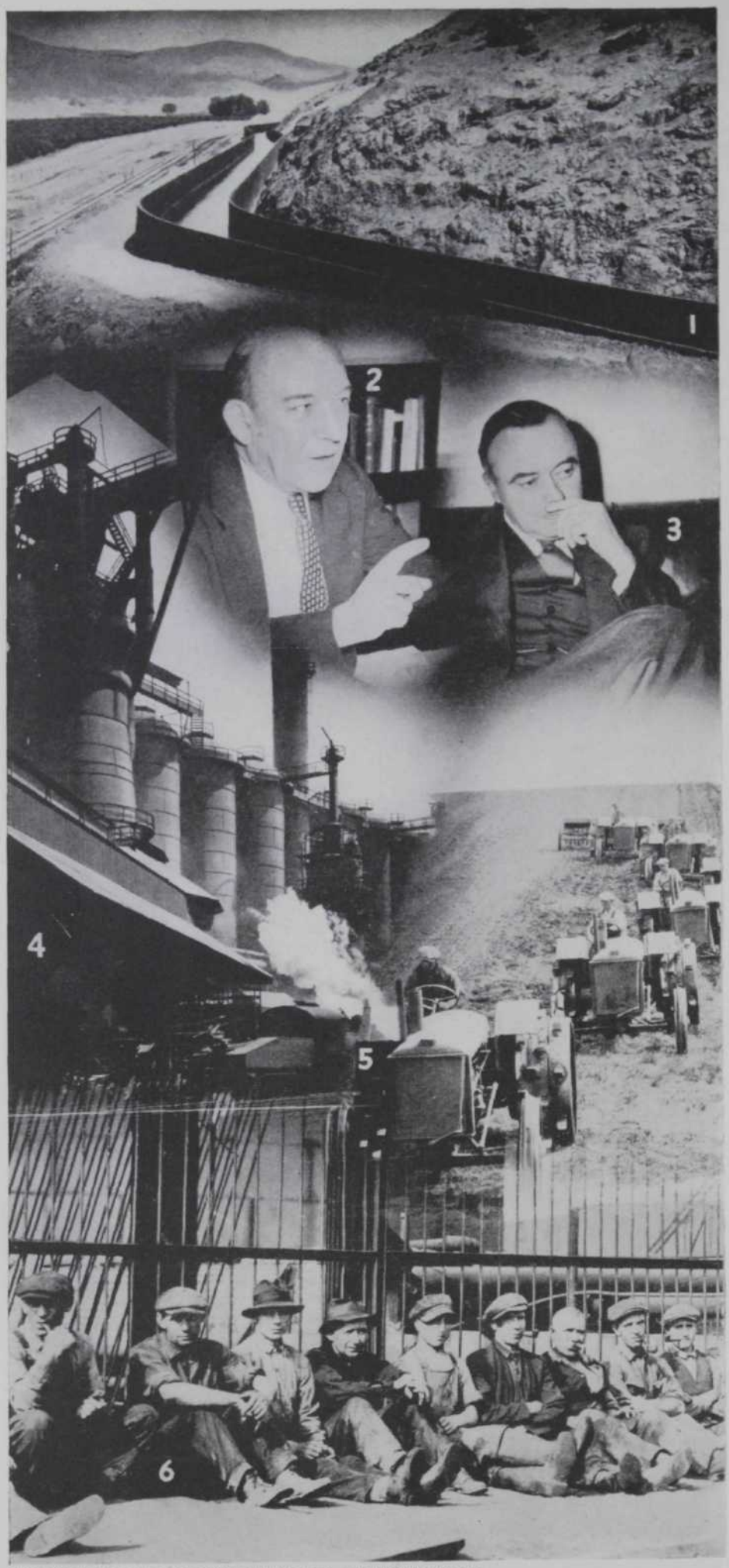
There were included 62,984 administrative employees paid from the funds of the emergency relief organizations.

Perhaps the next bulletin will say



1. The Dies Committee investigates alien activities
2. The Justice Department makes plans to go to court with six major antitrust suits
3. The Treasury Department stores money
4. Senator O'Mahoney and Assistant Attorney General Arnold of the monopoly committee, study business operations
5. The State Department strives to settle American property claims in Mexico

HARRIS & EWING, KEYSTONE, EWING GALLOWAY



EWING GALLOWAY, HARRIS & EWING, CARNEGIE-ILLINOIS STEEL, ALLIS-CHALMERS, KEYSTONE

nothing about this. Then the 62,984 will have been regularized. It is a law of politics that the four departments will try to get as many of the new commissions, agencies, bureaus and independent establishments as they can, because every department wishes to grow. Labor, Agriculture, Interior and Commerce each has a program for swallowing, not only some of the new agencies, but some of its neighbor's agencies.

Old agencies will grow

BEFORE it disappears, it might be worth while discovering what the Old Line did for itself between the ending of the Seventy-fifth Congress and the beginning of the Seventy-sixth. The New Liners will take care of themselves.

The Old Line will ask for plenty from the Seventy-sixth Congress—more money, more power and more people. Every one of its heads has a plan to present. Mostly they are good plans, too, and might be adopted if there were just a little more meal in the sack. Some members of Congress are reported returning to that earlier school of thought of which my great grandmother was a notable exemplar. The peddler who called at her farm in Lowell Township, Vt., wanted to take her order for oysters to be delivered on his next trip. After some thought the old lady nodded;

"One oyster."

"You mean one dozen," remonstrated the peddler. "One oyster ain't scarcely nothin'."

"One oyster," she said. "That's all I can pay for."

All the little brothers and sisters clustered at the knees of the departments have growing plans, too. All the independent bureaus and special agencies, and the free corporations for which the Government pays but which it does not control. It is unlikely that any one of them will fail to ask for some addition to its scope and budget. It seems to be the rule that, once an agency is on the pay roll, it stays there.

The six departments that carry on the actual business of government—

The Old Line in four Government departments fades as alphabetical agencies seek shelter under them. It is a law of politics that these departments will get as many of the new agencies as they can. The departments are: 1. Interior, 4. Commerce, 5. Agriculture, 6. Labor. Agriculture, starting to reorganize, transferred A. A. A. Administrator H. R. Tolley (2) to Chief of Agricultural Economics and Labor has become repository for Wage and Hour Administration under Elmer F. Andrews (3)

policing and protecting and taxing and carrying the mail—have been busy all summer. They have perceived that there is some getting to be done and they have been trying to get while it is good. They have arguments on their side, too. Post Office is figuring out that the air mail may to some extent supplant the railroads and it wants to be ready. Treasury has to get all that money the Government needs. Justice has a pack of new laws to work with and it does not like some of its judges. International affairs have kept War, State and Navy under the midnight lamps. Internal matters have kept the other departments almost equally busy. The plans and needs of the ten departments and the appendages will occupy perhaps one half the time of the incoming Congress.

Hard work in the committees

MOST of the work will be done in committee rooms and will be, as a whole, dry as dust and sleep-producing. Only the lively half of Congress' work is done on the floor. This will be split between cracks at Harry Hopkins, leaves to print, fights over such controversial measures as the Seven T.V.A.'s bill, politics in general, and debates designed to tell the voters what has been done in the committee rooms.

A good deal of passionate head-tossing may be expected, because many of the laws enacted recently will come up for consideration and possible amendment and Senator Pat Harrison's effort to obtain lower and fairer taxes will have more support than in the Seventy-fifth. It is not too early for those who pay taxes to begin reading up on them. The United States is, according to one authority, already ten years behind its income. When business picks up, the Treasury will have to pay a higher interest rate than it does now on some loans.

Hitler helped the War Department out a good deal during the summer.

Army has always been a stepchild in its relations to the national government. Forty years ago civilization

(Continued on page 70)



U. S. A. SIGNAL CORPS, DOUGLAS AIRCRAFT, HORYDCZAK, WIDE WORLD

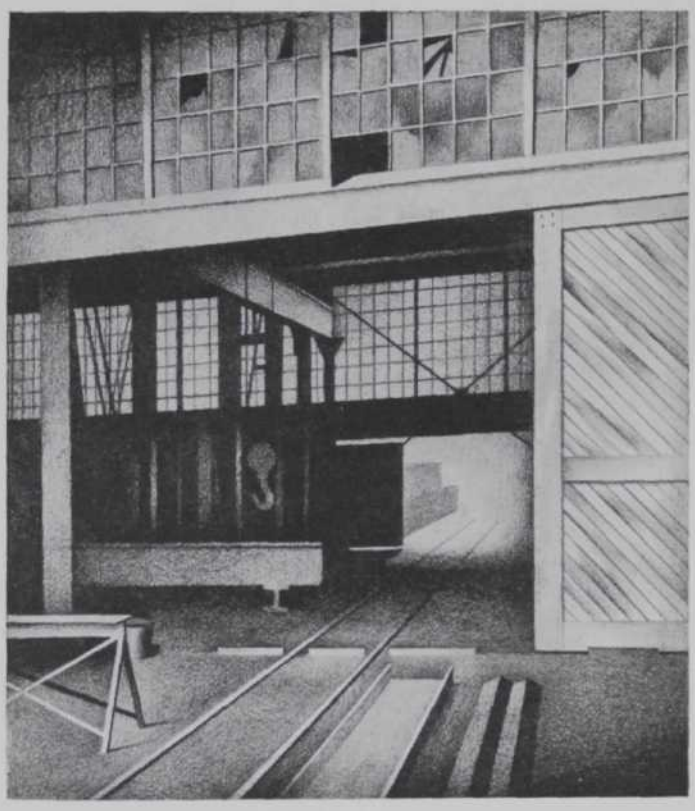
The Army and Navy Department are interested in opening up the four bottlenecks that might "choke up" national defense.
1. Transportation
2. Lack of trained aviation mechanics
3. Coordination and cooperation between the big city electrical plants
4. The scattering of "educational orders" to supply the Army's physical requirements
5. The Navy is primarily concerned in its expansion program for more planes, bases and ships such as this new 10,000 ton cruiser, the Philadelphia

Crisis-meeting, Family Style,

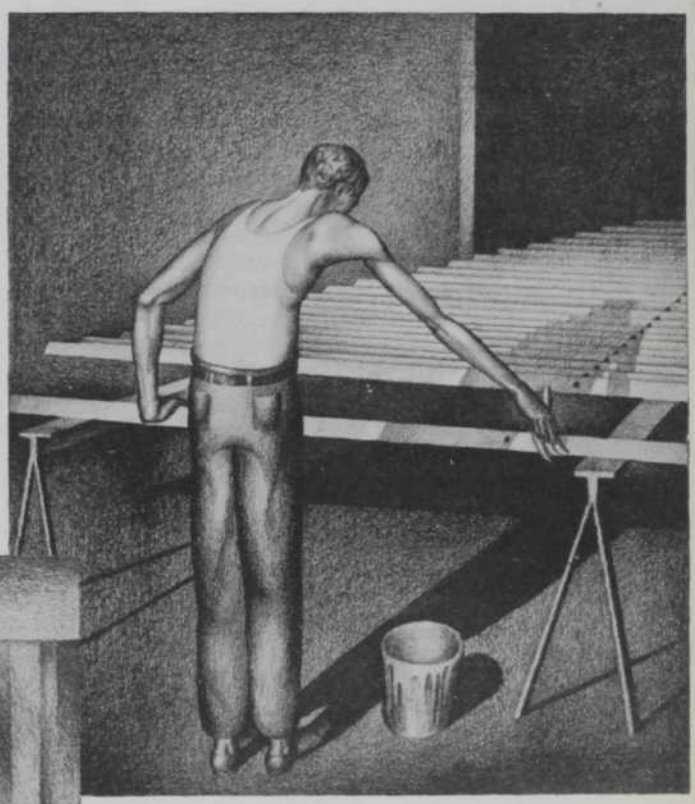
Drawings by CHARLES L. GOELLER

THE EMPLOYER in this case is the head of a steel fabrication plant in New Jersey. He is not a big business man. He is not a little business man. He employs maybe 50 men when times are good and orders large. When times are slow and orders small the number drops perforce to five or ten men. (Such fluctuation is typical of the industry the country over.) . . . Things had been slow in this New Jersey plant for many months. And then along came a big export order for South America —the best piece of business in five years. The boss called his men back to work, he contracted for space on a freighter. Things began to hum. . . .

And then the men just back on the job *struck*—for shorter hours, more pay (even though this was the first they had had in months), union recognition. They walked out. . . . Now what? Should the boss meet the demands of the union and rush the order through at any cost? Impossible. The business wouldn't stand it. But the business wouldn't stand the loss of that order either. Meet the situation the boss must. And meet it



After the walkout



The boss' son turns scab



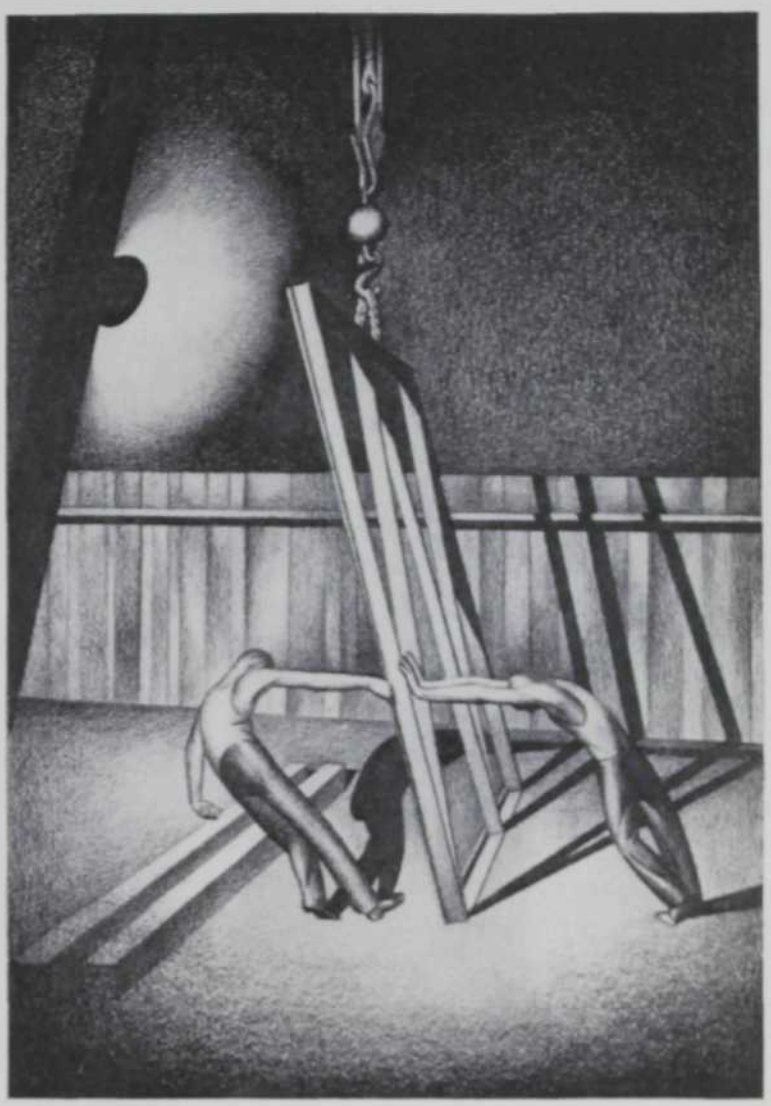
While pickets pass the time away

Beats a Strike

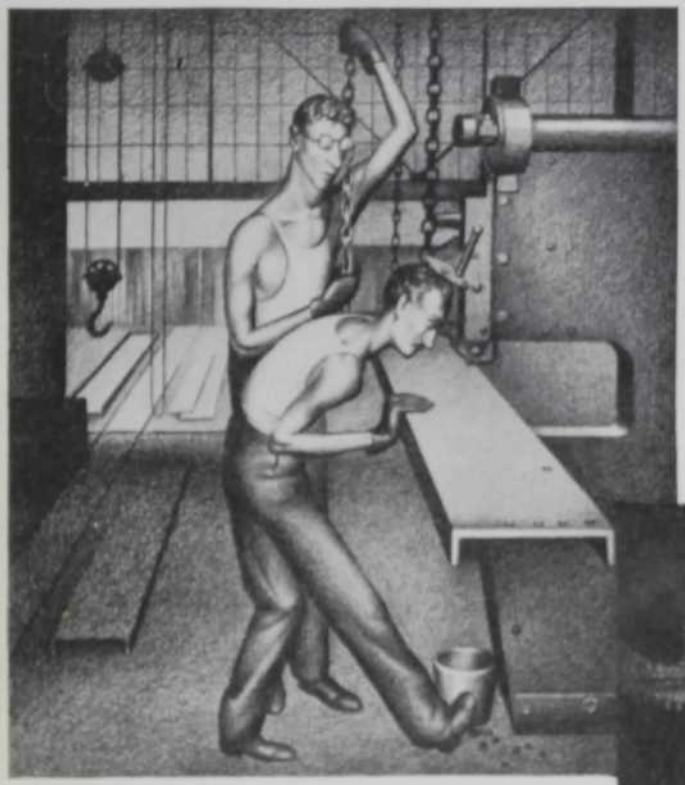
he did. Directly, personally, and in a typical American way.

He called in all the male relatives—brother, son, son-in-law, nephews, cousin, second cousin. Clerk, doctor, artist, lawyer, salesman, manufacturer, teacher, they got to work. The ineptitude was appalling of course. Everyone had an inclination to be foreman. Tempers were lost, and found. Much swearing, much laughing. Much awkward pushing and pulling. Pickets meanwhile were for the most part peaceful.

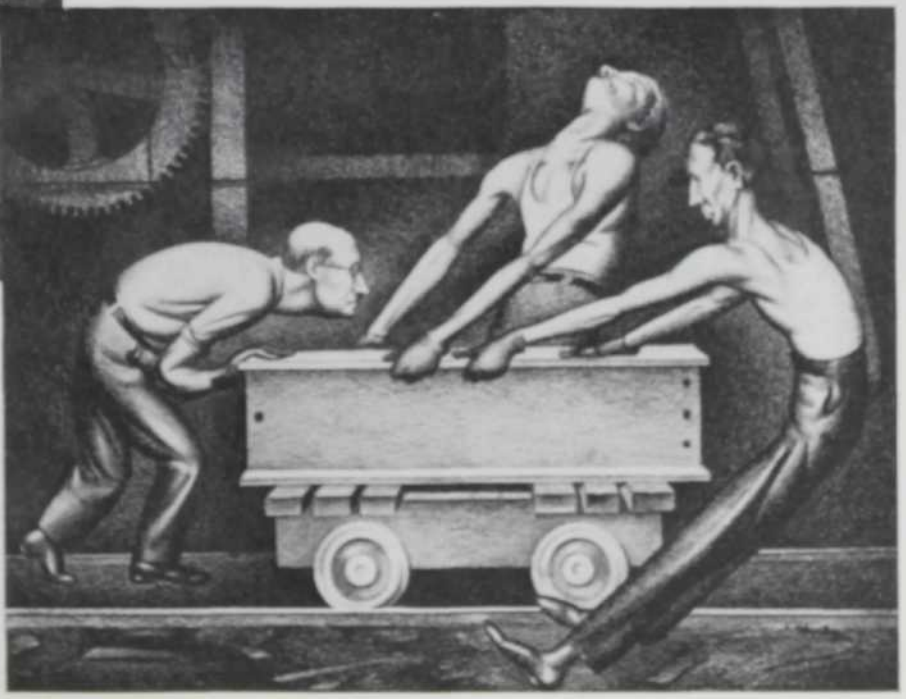
And so eventually, the work went forward, the shipment was made ready, and went out on time. An emergency had been met—this once. . . . Eventually, too, the strike was settled, and the men, a bit admiring, a bit sheepish, went back to work—until the next big order comes along, anyway. . . . Now, remember that in the list of relatives who came to the rescue in this fight, an "artist" was included? Well, that was the boss' son. And this series of drawings is his record of the fight he helped his father win.



Night shifts help rush the order through



Other relatives come to the rescue



Inept but willing they sweat and strain

Christmas Tree Crop Worth $10,000,000



A truck full of trees on the way to Shelton, Washington, for railroad shipment



Trees are sledded out to where they can be picked up by trucks

PHOTOS BY U. S. FOREST SERVICE



Washington state produces 2,000,000 Douglas fir Christmas trees and ships thousands to South America and the Orient

A $10,000,000 industry began last July to prepare its 9,000,000 Christmas tree crop for market.

To select and arrange for the purchase of acres of young trees, Christmas tree contractors send their scouts out in July, to be followed by gangs of choppers in early fall.

These Yuletide symbols are not cut out of virgin forests, or even mountainous districts, but from cut-over lowlands.

Halloween finds the trees being sledded to truck centers and, by Thanksgiving, trucks have brought the trees to railroad sidings to arrive in cities by early December.

Nearly half of the Christmas trees used in this country are the balsams cut in Maine. Washington produces 2,000,000 Douglas fir Christmas trees and ships thousands to South America and the Orient. Spruce, deodar and eastern red cedar are other popular species.

Once considered a major fire hazard, the Christmas tree with wax candles has been supplanted by electrically lit trees with fire-proofed decorations of metal tinsel and mica or flake asbestos for imitation snow effects. With the minimum space of the modern living room, the tiny "table-top" has become the most popular size Yuletide evergreen.

Table-top size trees are from one to five years old, and it takes from 20 to 40 years to grow the large community Christmas trees. Forestry experts do not consider it destructive to cut these millions of evergreens. The bushy trees from logged-off lands, they say, do not mature to become valuable timber.

Although palms and conifers were used by the early Egyptians for mid-winter celebrations, first mention of the fir as a Christmas symbol did not come till 1605 in Germany. Hessian soldiers are said to have brought the custom to this country.

Farmers with wasteland are now being encouraged to plant Christmas evergreens as cash crops. Some localities have Christmas tree plantations, selling directly to the customer. One of these in Oklahoma has acres of red cedars near a highway enabling motorists easily to select their Yuletide centerpiece. —MORGAN FITZ



This car load, all cut from privately owned land, will soon be on the fast freight from Mason County, Washington to Atlanta, Georgia



EDWARD F. WALTON

The president wouldn't see us. He never did anything like that. It would be a departure

What Business Can Learn from Politics

By JONATHAN HASBROUCK

BUSINESS men have always believed their job was to sell goods. They have left the speech-making to others. The job is still to sell goods but alert executives are already acting to meet the situation described in this article

AT A TIME when the labor troubles in a strike-ridden mid-western city were more than usually violent, I walked into the cocktail lounge of a hotel and found myself amidst an animated discussion by a group of men seated at a table.

"As a class the so-called leaders of industry are the hardest to get," said one of them, as I sat down at an adjoining table. "When we go after them for a talk they usually hide behind secretaries and act as if we were trying to sell them something, instead of giving them a chance to get their story before the 90,000,000 Americans who see the movies each week."

The hour was late and the group had the room to itself. One suggested that I join them, so, after introducing myself all around, I did.

There were five of them: Riemes, a newspaper reporter; Brewster, a public relations counselor; Smythe, a veteran newsreel cameraman; and Gravin and Dirkin, each on the editorial staff of a newsreel company. Except Riemes, about 28 and the youngest, all were mature men with many years of experience in dealing with people in the news.

It seemed that all had been in town several days covering the strike. They were talking about the various actors in the drama. I soon saw that they spoke from first-hand knowledge and were keen students of public affairs. Gravin, a square-jawed individual, with long experience on the "news desk" of a newsreel, had the floor.

"Now here's an example," he continued. "Remember the week after the 1936 election when a big steel company came out with a pay increase and a bonus? Similar action by other companies followed—motors, oils and a whole flock of corporations disbursed millions to workers and stockholders. Well, it was front page and we wanted to cover it.

"Everybody seemed happy except one powerful labor leader who promptly said so. Well, the executive of company number one couldn't be reached but, after our request had been shunted around awhile, a representative said he was sorry, but Mr. —— never did anything like that. They had never done so—it would be a departure . . .

"Couldn't some vice president speak for the company?

"After all, we merely wanted a simple statement. No! No one else could speak for the company. Next we

tackled company number two—a motor company. No, Mr. —— had a sore throat. Someone else? No—no one else. But why? Surely they didn't all have sore throats. No, but—but—and BUT!

"Next came number three—an oil company. Mr. —— was out of town. Someone else? No, decidedly NO!

Getting the runaround

"WELL, where was Mr. ——? We'd send our nearest cameraman to him. Well, he'd have to talk to Mr. Whoozis before he could give me that information. A couple of hours later we were let in on the secret that the president was in the Middle West. We put in a long distance call. No luck. We phoned our Chicago man to see him. After repeated efforts to get in and explain what he wanted, he had to give it up. But why go on with the details? With slight variations we had the same experience with companies four, five and six."

"Yes, we got the same runaround," said newsreeler Dirkin, between puffs on his pipe.

"And so the newsreels went to bed that week with no spokesmen in any of six large corporations to tell the 90,000,000 movie fans of a development everyone seemed to approve—showing Big Business with a heart.

"Now, what were we asking of these high salaried executives?" said Gravin. "Was it anything they couldn't give? Anything political, controversial or undignified? Not in the least! We merely asked for a statement of facts. The labor leader who didn't like their policy didn't need five days to make up *his* mind. He grabbed the chance to get his side before the people and, during that week, he had the whole field to himself. Incidentally, we were giving these big shots an unusual opportunity to let the public see and hear them in a favorable light. They should have been camping on our doorsteps for the chance."

"They would have," commented Brewster, the public relations counselor, "if they had any vision of the main job ahead of them in the years to come."

"But wasn't your experience exceptional?" I asked.

"I should say not," blurted Dirkin. "Remember the fight over the death sentence in the Utility Bill? Well, that was brewing a long time. When it became front page we decided to cover it for our newsreel and, as usual, give both sides. But that story was never made. And do you know why? Because for four months we tried to find a utility in the metropolitan area that would give its side of the case!"

"Wasn't there anything about the utilities in the newsreels?" I asked.

"Certainly! The opposition wasn't asleep. All this time the newsreels were carrying subject after subject showing developments of the plan to put the utilities out of business. And why not? The opposition made news! Oh, yes, the utilities finally put up a fight—after the horse was stolen. They battled valiantly in the papers, through the mails and on the radio! But apparently they never heard of the sound newsreel!"

Timed for the newsreels

"THEY ought to know it after the 1936 election," boomed Gravin. "If there ever was a man who knew the value of the newsreels in moulding popular opinion, and used it to perfection, that man is in the White House today. Why, they're still talking about the President's Syracuse speech—you know, the one about Communism. That is considered one of the most effective speeches ever to appear in a newsreel, and it won him at least 1,000,000 votes. And then his timing is perfect."

"Timing? I don't follow you," I said.

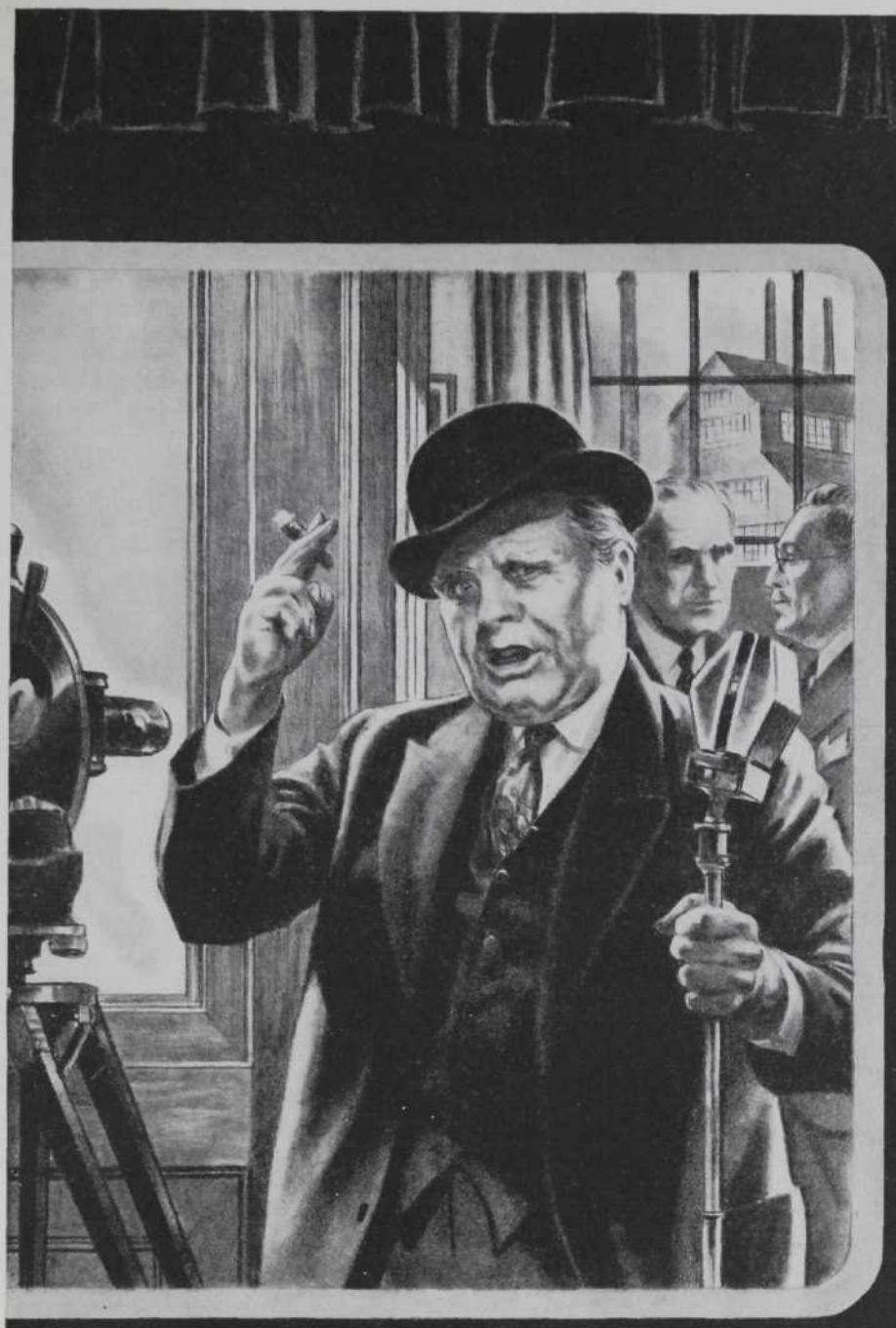
"Well, for instance, did you ever notice how many of the President's 'Fireside Chats' are made on a Tuesday or at the week-end? Tuesday is the best day of the week to make the Wednesday reel, and Saturday or Sunday is just right to hit the Monday reel. The Republicans stumbled half through the campaign before they found that out, with their Thursday speeches. That's the poorest day in the week to hit the newsreels—you just miss Wednesday and you're old and stale for the reel the following Monday. But President Roosevelt had known this simple little fact since 1932 and probably before. There's plenty of appreciation of the value of the newsreels in the White House. Why, they even have a special sound-proof room with a carefully placed booth for the cameras."

"And speaking of timing," spoke up Riemes, the reporter, "did you notice a year or so back that a steel company announced a 40-hour week for workers on the *same* day it made terms with a labor union? What a break for the labor leader! Most of us humans don't reason as much as we connect events. So, in the average mind, the union is credited with getting this concession."

"How do you account for this attitude?" I asked Gravin.

"We usually get the alibi of 'policy' which we know covers a multitude of sins in public relations, including timidity, false modesty and innate conservatism on the mistaken theory that it is safer to do nothing. Now as an individual any man has a perfect right to fall back on these reasons and several others. However, these men are not sought as individuals but as highly paid leaders of the company which employs them. Personal





inclinations of any kind should not determine public relations policy upon which so much may depend."

"Well, you men make a strong case, but aren't you a bit unfair?" I suggested. "After all, some of these men may not look or speak well on the screen and realize it. Furthermore, these sound newsreels are relatively new, aren't they?"

"The first sound newsreel was perfected ten years ago. Most people have no conception of its use and power, but are we to excuse *leaders* for not keeping abreast of the times?"

Business must sell itself

"NOW as to judging them unfairly," Gravin continued, "men in our jobs are in unusually good spots to see what is going on. We know the great job industry has done in building America but it hasn't *sold* the idea. And in the newsreels it has been lambasted all over the lot by politicians and others and has taken it lying down. Not only has it shown little or no concern but it frequently has refused to cooperate when the newsreels have literally camped on its doorstep. So if my attitude seems critical it is not due to a lack of understanding. (Personally, I think the real martyrs of this depression are the thousands of business men who have seen a life's work melt away before their eyes.) It is rather a loss of patience with business leaders who have neglected a vital part of their jobs! There may be good reasons why a man cannot do this job creditably. All right! Then let him get someone who can!"

"And here's another point," broke in Riemes. "I've hung around the executive offices of a motor company for hours wait-

(Continued on page 80)

The labor leader needed no second invitation to get his story before the 90,000,000 moviegoers



A Big Business Conquers a Great



ROY J. JACOBY

"Staff headquarters" where strategies in the war against disaster were mapped, carried on by lantern light until power was restored



Michigan rolls into action. Men and trucks, rushed to New England by train, leave Hartford, Conn., to help whip the storm



WILLIAM C. CHAPLIS

Indiana and Illinois rushed to the rescue. These trucks came from Illinois. Indiana sent a seven-car special train

TOO OFTEN we hear about the evils of big business—evils that are almost always potential. Seldom do we hear about the benefits big business brings to society because these benefits are not "news" in the accepted definition.

Occasionally, however, a case of great magnitude forces its way into the news columns. Such was the case when the hurricane and tidal wave raged through New England in September.

Consider one industry alone, the telephone.

The storm left behind it the most serious and widespread destruction that any company of the Bell System has ever faced. A hasty preliminary estimate set the cost of restoring service at $10,000,000; 400 miles of cable were needed; 31,000 poles; 72,000,000 feet of wire; 50 carloads of telephone hardware; hundreds of skilled workmen.

All were forthcoming immediately because of an integrated system of telephone operation.

Money, supplies and trained men—the three pressing needs of the moment—arrived from as far west as Nebraska, as far south as Virginia. With nearly 2,400 men, 600 motor vehicles, 200 trailers and other equipment on the job, service was restored to all hospitals, relief agencies, police and fire departments within a few days. Within nine days every isolated exchange was back in contact with the world and, in ten days, individual residence and business phones were being restored at the rate of 25,000 each 24 hours. It takes a spectacular emergency like this to illustrate the less spectacular daily advantages of bigness.

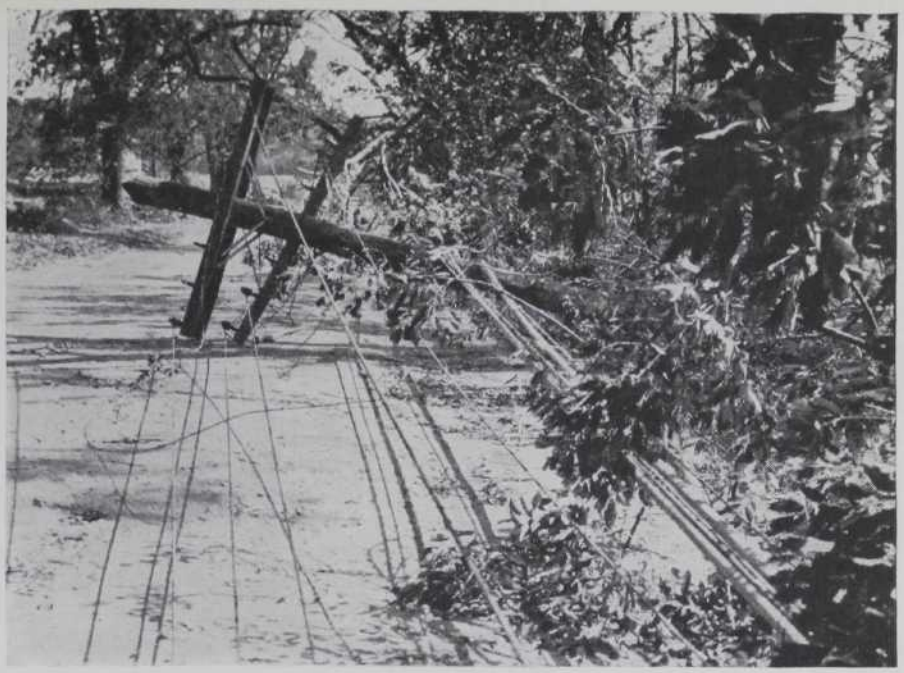


WILLIAM C. CHAPLIS

"Up in the air" but much at ease, Ohio experts do their bit to restore service

Disaster

THE PUBLIC should remember that, by supporting an indiscriminate attack on bigness, it may lose the service that bigness gives



ROY J. JACOBY

A sample of the problem the storm left for the telephone company—trees, poles, wires and cable mingled at Weston, Mass.



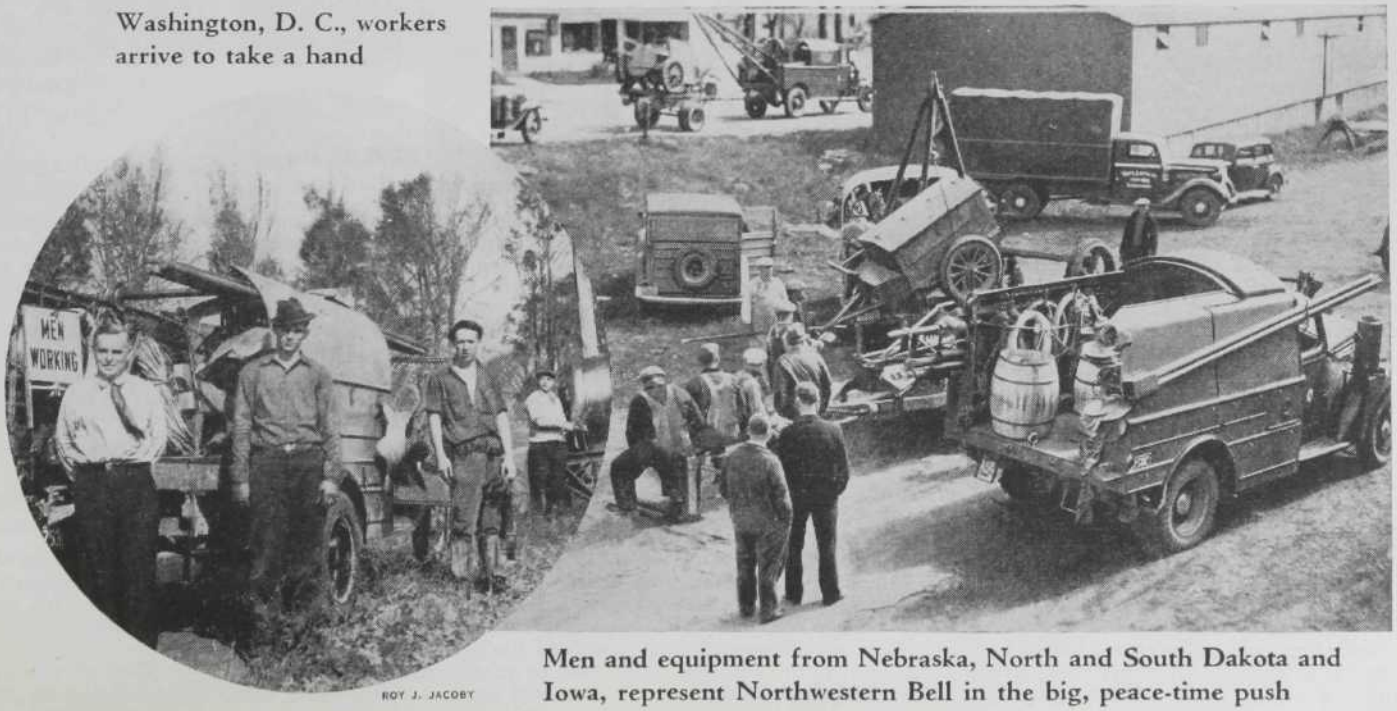
ROY J. JACOBY

Action at the Western Electric distributing house at Watertown, Mass. Since there was no power, materials were carried by hand down seven flights of stairs



Special buses rush armies of men from the Southwestern Bell Telephone Co. to help Rutland, Vt., get back to normalcy

Washington, D. C., workers arrive to take a hand



ROY J. JACOBY

Men and equipment from Nebraska, North and South Dakota and Iowa, represent Northwestern Bell in the big, peace-time push

Business Men Say . . .



Tom Smith, L. J. Schumaker, Dr. James A. Tobey



Floyd L. Carlisle ACME



Robert M. Myers MUNCIE PRESS PHOTO



Seneca M. Gamble

L. J. SCHUMAKER, President, American Bakers Association and American Cone & Pretzel Company, Philadelphia

"In baking as in many other industries, the cost of raw materials is losing its original importance in establishing the final price of finished goods. Increased taxes and labor costs alone in the past eight years have added from $2.50 to $3.00 to the cost of turning a barrel of flour and the other necessary ingredients into bakery products. There are also added costs due to the many conveniences and services desired by the consumer. In this connection it is well to note that although the cost of living is higher in this country than in most other countries, it takes a smaller percentage of the wage earner's income for sustenance than in any other country in the world."

ROBERT M. MYERS, President, Indiana Bankers Association
Vice President, Merchants National Bank, Muncie, Ind.

"No study of economics or political economy can ignore the natural factors and human equations. We cannot sit in a drafting room and make a design for living that all people will follow. It is infantile to expect that mathematical or mechanical equations can be evolved, which, when applied to people individually or in the mass, will produce predictable effects. Such mechanistic formulae are just as futile when applied to things like governmental money management, or banking policy, or the so-called 'social sciences.' They fail because they collide head-on with the pure cussedness of human nature."

FLOYD L. CARLISLE, Chairman
Consolidated Edison Co., New York

"Under our systems of law and ownership, private business is the only producer of wealth. All government activities and all government expenditures rest solely upon the productivity and profits of private business. Wages, taxes, interest and dividends are paid only from this source. There is no other source. . . . Where taxes produce a decrease in volume and turnover the result is not healthy, either for the industry or for the whole national prosperity. . . . Every function of business and government should be subordinated to the one major problem of increasing production and distribution."

SENECA M. GAMBLE, Agency Assistant
Massachusetts Mutual Life Insurance Company

"Once there was a life insurance salesman who didn't believe in advertising and yet . . . he used Ivory soap and Mennen's shaving cream . . . he shaved with a Gillette razor . . . he wore BVD underwear, Interwoven socks, and Hickey-Freeman clothes . . . he signed his applications with a Sheaffer pen . . . he drank Coca-Cola to quench his thirst . . . he went to sleep on a Simmons bed. And still he said 'advertising doesn't pay.' What do you think?"

Your Bill for Government Frills

Dear Reader: Now that the elections are over, you doubtless have the impulse to call upon the man who is to represent you, "to stand in your place" in the coming Congress. Unfortunately, 99-44/100 per cent of such impulses will never be carried out. But if duty as well as self-interest persuades you to make the call, and you express to your Congressman what you have expressed so often to me and others—that government expenses should be cut, that evidence of a desire to balance budgets would be the most heartening thing for business recovery—then you will need some help. You will need help because your Congressman will say, "How can we cut expenses? You wouldn't let people starve, would you?"

Here is where you need assistance. You will sputter and mutter and your Congressman will take the train to Washington with a feeling that you have been convinced that federal expenses cannot be cut.

But there is no need to be swept off your feet by the alternative of cutting relief expenditures. Thirty per cent of federal taxation today is used for new functions of government not in existence ten years ago and not in any way connected with relief or unemployment. Perhaps they are desirable in good times, but, again perhaps, they might be dispensed with while we are trying to get back on our industrial feet.

As a contribution to this much-to-be-desired conversation you are to have with your Congressman, we present a small segment—trivial, you may think it—of this increase of administrative work, all calling for more and more expenses. This deals with "research," surveys, studies, reports, which usually include recommendations for further research, surveys and more reports. Here is a place to begin, and if the Congressman should say: "This is trivial" you can tell him that it amounts to a half billion dollars a year and that the Bible is your authority that it is "the little foxes that destroy the vines."

THE EDITOR

THE TIME is mid-December. The place is a committee room in the House Office Building at Washington. An appropriations subcommittee is in session. Half a dozen Congressmen sit in various attitudes of attention at a long table. Present is a government bureau chief flanked by fiscal experts, assistants, secretaries and other aides.

On the table is a preliminary draft of the 1940 Budget, a document the size of a New York telephone directory. It contains all the items which the Budget Bureau, acting as the President's representative, has approved. It is a bigger budget than ever before. It sells for a dollar a copy but the cost is not in the printing, and the Superintendent of Documents says that, anyhow, no one ever buys a copy.

He says there is a good demand for Mr. Farley's books about philately, for the volumes which Miss Perkins' Department of Labor distributes on the suckling of the young, and for the tomes which Mr. Ickes authorizes his publicity staff to write about flora and fauna. But there is no public interest in the Budget.

The Superintendent lists other documents the public prefers to the Budget, the books about fish which are produced by Mr. Roper's Department of Commerce, or those about bedbugs and the rating of June brides' biscuits by Mr. Wallace's Department of Agriculture.

A pamphlet that Mr. Morgenthau finds vastly more popular than all of his statistics about the money his



The second cost of bureaucracy

NEW YORK HERALD-TRIBUNE SYNDICATE

Department takes in and pays out is one about hay fever.

There on the mahogany is the Budget. It lists the receipts and expenditures of Government scheduled for the fiscal year beginning July 1, next; tells about the many direct and indirect ways the money will be extracted from taxpayers, about the ways it will be spent. The total of projected expenditures exceeds $9,000,000,000.

The receipts will be about $5,000,000,000. The Government will go into the red for about $4,000,000,000 and this will raise the federal debt to more than $40,000,000,000. It has gone into the red an average of $2,500,000,000 annually in each of the past eight years.

Thirty-nine members of the House appropriations committee and 24 Senators will struggle with this budget for three months. The task is so enormous that each committee must be divided into subcommittees, with half a dozen or more meeting at the same time. They will summon as witnesses the heads of more than 500 Government bureaus, boards, commissions, committees and corporations.

The public demands—

THESE witnesses will urge increases in public expenditures and the public debt. They will tell the committeemen of an increasing public demand for services such as studies to find out the contents of birds' stomachs; to find out what the hired man on the farm does in his spare time; to produce a streamlined turkey that will fit into the modern oven and will not skid under the carving knife.

If a Congressman asks for evidence of this public demand, the witness will produce a large batch of letters which, he says, his bureau cannot answer for lack of the information. He will refer to the many requests he receives from Congressmen themselves for all sorts of information. Does the Congressman think that a great government bureau should reply ignominiously that it doesn't know?

There are some who think that government should be limited to the building of national defenses. But what about the general welfare? And the classes? Should the Government refuse to protect the farmer against the manufacturer, the laborer against the employer, the poor against the rich, the weak against the strong? Certainly not!

And so it is necessary, the bureau man continues, to do many things which shortsighted persons criticize.

He could go on forever telling how the Government has been trying "in the face of considerable opposition" to prevent waste in industry; to simplify the commercial production of things—more than 168 things—bedsteads, chinaware, asbestos paper, loaded paper shot shells, paper grocers' bags, tissue paper, one-pound folding boxes for coffee, cartons for razor blades, folding and portable wooden chairs, adhesive plaster, skid platforms, ice cake sizes, pocket knives, wheelbarrows, ice cream molds, neck yokes, sieve sizes for canned peas, and braided shoe laces —to name a few. If industry won't do it, the Government must.



NEW YORK HERALD-TRIBUNE SYNDICATE

The Taxpayers demand these services

How to keep house

HE could tell how the Government has been teaching the housewife to peel potatoes, stuff a roast, buy sheets, make baby clothes, cook fish. How it teaches suburbanites to polish floors, build driveways, grow daffodils, buy furniture, fire the furnace, subdue the Argentine ant, control fleas, suppress flies, catch centipedes, raise ducks, disinfect a stable, pop corn, control wild garlic, dye at home. These things cost money.

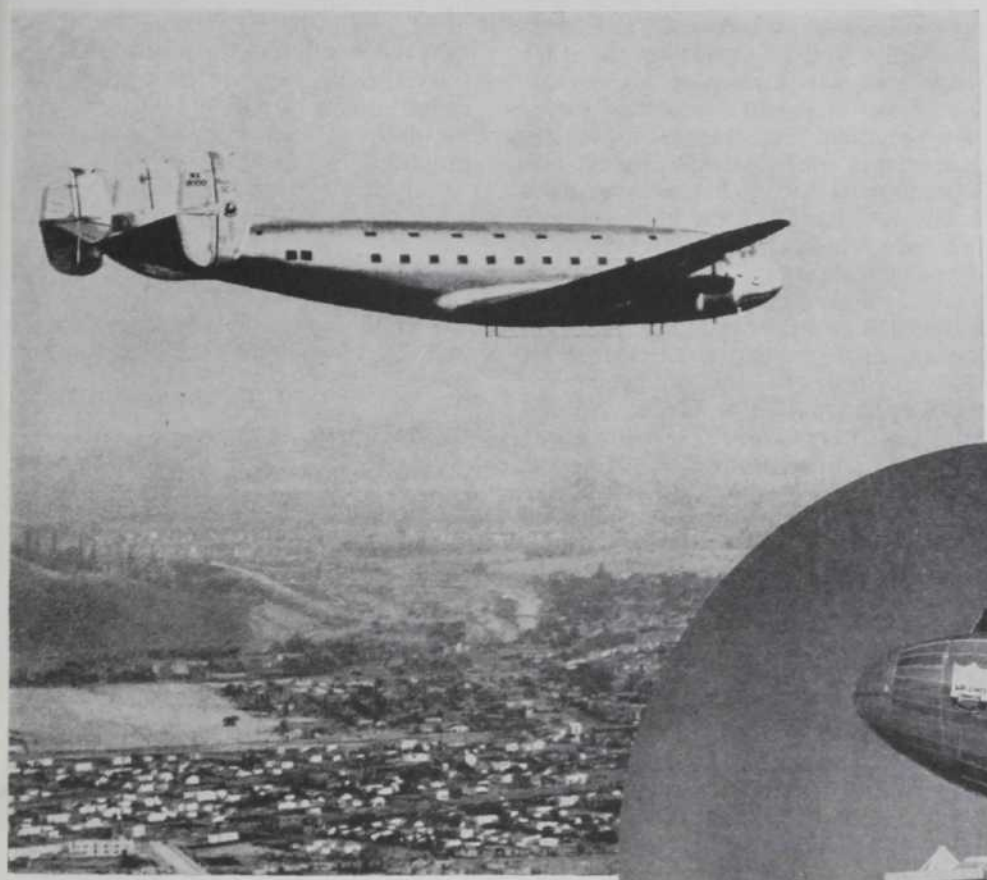
It tells people what to put into the medicine cabinet, how to clean walls, sew blouses, buy ready-made clothing, wipe joints, wrap bundles, preserve fish nets, and make useful things out of abandoned egg crates. Recently the results of more than 200 federal projects for the suburbanite and home builder were indexed. They include investigations about baking and barns, cellars and chimneys, grafting and home carpentry, lightning and manuring, pickles and poison ivy, rabbits and sauerkraut, slip covers and washing.

There are 75 of these lists, citing thousands of projects, from "American History and Biography" to the production of "Handy Books." Handy books tell how to do things. In the foreword the Superintendent of Documents says they "are good to have around." There are lists of investigations about birds and wild animals,

(Continued on page 74)

The New Future of Air Transportation

By W. A. PATTERSON



Air equipment seldom wears out. It is superseded. The 42 passenger plane may be the next step in modernization

EVERYONE who uses the air lines either as a passenger or shipper will be interested in the possibilities of improved service which are described in this article



Planes can carry only so many pounds. If more of these pounds are mail, fewer passengers can ride

DURING the first six months of 1938 the losses of the domestic air lines totalled more than $2,000,000 depleting the financial resources of some of them to the danger point and bringing to a crisis the critical financial problems which have beset the air transport industry since the air mail contracts were cancelled in 1934.

It is significant that, in the first half of the current year, the air lines *increased* revenue passenger traffic 19 per cent over the corresponding period of 1937, yet their losses in the 1938 period were as great, if not greater, than those in the same period last year.

In analyzing this paradoxical situation one discovers threads leading to several circumstances which have a direct bearing on the problem and one or more of which may be the fundamental cause of a condition so uneconomical that its continuance threatens rough air ahead for the air lines. The most discussed, and perhaps the most important, of these circumstances involves the arbitrary system of payment for carrying air mail which has prevailed since the Air Mail Act of 1934 was enacted. In effect, this law established a system under which the Government's payments to the air lines for carrying the mail—in the case of at least two major air lines—were not only utterly inconsistent with service rendered, but were actually less than the revenue accruing to the Government from postage on letters carried by the lines.

The 1934 legislation arbitrarily limited the amount of payment permitted to air lines regardless of the volume of mail they handled. This was in direct violation of a basic principle of air line economics, the premise that, although air transport's fundamental product is speed, it sells this speed in packages representing pounds of pay-

load. Some of these are mail pounds, others are express pounds, still others are passenger pounds but, regardless of their distribution, the air line has just so many pounds to sell on each flight.

A weight handicap

WHEN the weight of the mail which it must transport exceeds the maximum poundage for which the air line may be paid the extra pounds must be carried without charge and these pounds are subtracted from passenger or express pounds. Thus, the 1934 legislation not only required certain air lines to carry extra mail at a profit to the Government but actually diminished the potential revenue from passengers and express.

Another difficulty for the lines has been the increase in operating costs due to higher wages, higher taxes and higher costs of materials and supplies. Coupled with this has been the introduction of new equipment for improved service, with resulting increases in depreciation charges. Personnel has also been increased as the air lines enlarged their flight operations and research divisions in the interests of greater safety.

Another circumstance has intensified the problem of domestic air lines: In the decade that commercial air transportation has been in existence the technique of flight operations has developed rapidly. Engineers of the equipment manufacturers have cooperated with air line and airplane factory technical personnel to refine flying equipment and to develop and perfect various facilities and accessories which have contributed greatly to the present efficiency of scheduled flying that is a standard for the entire world.

This interest in and competition among the engineering profession has brought a rapid series of improvements and changes. An air line facility that today represents a definite improvement over previous equipment may tomorrow be obsoleted by a new device. As a result, the air line which desires to maintain efficiency finds it necessary to take advantage of improvements which mean greater safety yet have no direct effect in increasing the line's earning capacity.

For example, the Boeing 247 transport, which has been in operation on United Air Lines, has had four different propellers, some replacing others within a year, less than half the reasonable useful life of the propeller. The original standard fixed pitch propeller was replaced with a two-blade controllable pitch installation, which in turn was supplanted by a three-blade controllable pitch development. In a relatively short time a constant speed propeller permitting automatic control of the propeller pitch was developed to obsolete and replace the previous type.

The original propeller installation on this twin-engined airplane cost $700. The investment in propellers over a period of years totals $5,400 per airplane. In addition, United has just invested $232,000 in a new type hydromatic "full feathering" propeller for installation on all Douglas planes.

The significant point is each new type propeller so increased efficiency and safety that its prompt installation was dictated regardless of the remaining period of useful life of the device it supplanted. Yet this series of improvements added not five cents to the earning power of the fleet of airplanes.

These, then, are some of the major problems which air lines are facing today. They are among the factors which pushed the air line industry more than $2,000,000 into the "red" last year and a comparable amount so far this year.

What is to be the outcome? Investors, the public at large, and the air lines themselves, are asking that question. The answer bids fair to rest with the Civil Aeronautics Authority established by the Civil Aeronautics Act of 1938.

This Civil Aeronautics Act covers many things in addition to the administration and regulation of air transportation; its scope is the entire commercial aviation industry. The Authority intends to do much for the problems of private flying. It is set up to deal with fixed base commercial operations; and to exercise influence over foreign air line operation conducted from this country by United States citizens. It is only with the application of the Act to scheduled air transportation, however, that this discussion is concerned.

From the air transport standpoint, the Civil Aeronautics Act represents regulatory legislation that the air lines not only welcome but requested. In fact, managements of the leading lines worked for the passage of this legislation. While it may seem unprecedented for an infant business to ask government regulation, it seems inevitable that the solution to the problems which threaten air transportation lies in the constructive, intelligent, coordinated regulation which this Act appears to provide.

Consolidating regulations

FOR this reason the air lines welcome the Civil Aeronautics Act of 1938 and the regulatory body it created as the key which can unlock the door to a new future in air transportation. Specifically, the Act does three important things:

1. It consolidates in the C.A.A. the administrative, regulatory, and supervisory powers previously distributed among the Post Office Department, the Department of Commerce, and the Interstate Commerce Commission. Thus it provides one instead of many bureaus for a uniform control of aviation. It provides one instead of several groups to which the air lines can take their problems and from which they can ask relief when conditions warrant.

2. It empowers the C.A.A. to fix reasonable rates of compensation for transportation of mail by air . . . that such compensation, together with all other revenue, will enable air carriers "under honest, economical, and efficient manage-

(Continued on page 82)



Air line investments such as this new headquarters building at Chicago are stabilized by the new Civil Aeronautics Act



Burroughs
Labor Computing
and Accounting
Machine



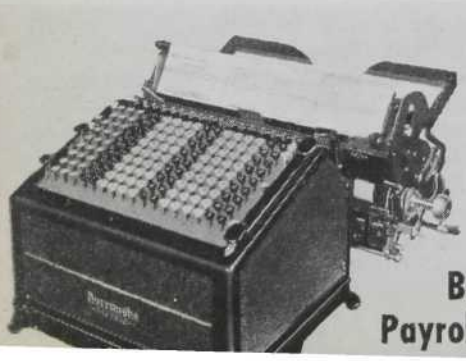
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Low-Cost
Payroll Accounting
Machine



Burroughs
Electric
Adding
Calculator



Burroughs
Payroll and
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Burroughs
Payroll Accounting

Burroughs

covers the entire range of

WAGE AND HOUR RECORDS and STATISTICS

along with all payroll records and labor distribution

Burroughs machines provide these five importan records, including wage and hour statistics, in fraction of the time required by ordinary methods

1. Individual Employee's Hour and Earnings Record.
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4. Departmental or Group Payroll Summary Sheet.
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If desired, *all five* can be prepared on a sing machine *in one operation,* under any one of sever plans.

To determine the particular machine and plan th will fit your requirements at the lowest cost, c the local Burroughs representative. Or write to

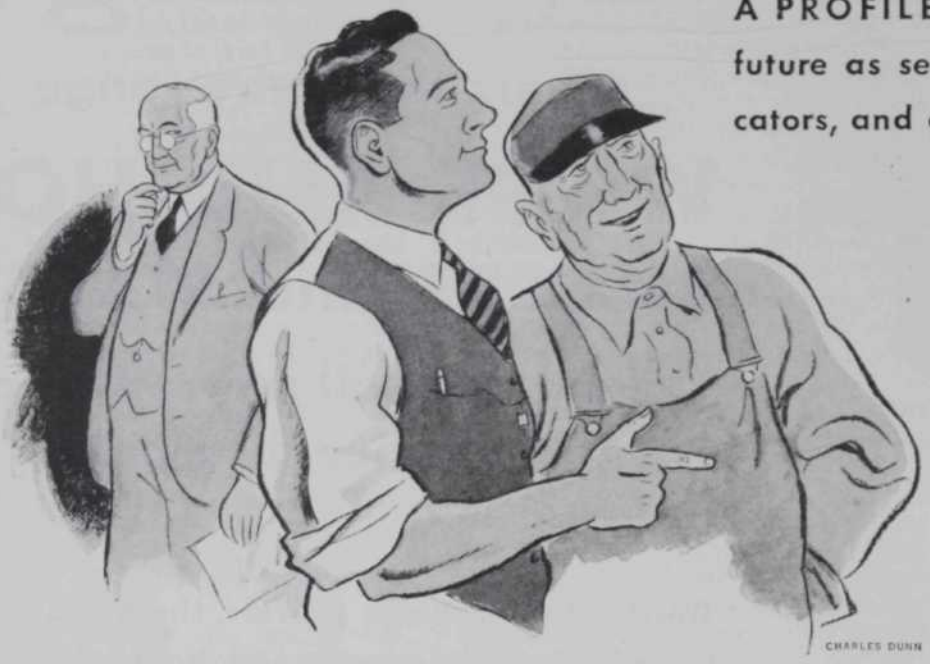
BURROUGHS ADDING MACHINE COMPAN
6102 Second Boulevard, Detroit, Michigan

At the left are illustrated five different types of Burroughs mach for payroll and labor accounting. These machines are offered in n styles and sizes to meet the requirements of any business, large or sr

Preview of Tomorrow's Leadership

By ERWIN H. SCHELL

A PROFILE of the business man of the future as seen by chief executives, educators, and colleges of today



Personality is rated high. Tomorrow's leaders will be able to win the respect and friendship of all employees

AN EXTRAORDINARY opportunity has recently presented itself to me. Through the eyes of several hundred executives, educators and business men, I have been enabled to see, in profile, the typical young executive of today who will become the major executive of tomorrow.

Through the generosity of the Alfred P. Sloan Foundation, a grant of funds permitted the Massachusetts Institute of Technology to announce a group of competitive postgraduate fellowships in business administration. These were extended to young executives of several years' industrial experience and of technical collegiate background. Response to this beneficence was widespread. Industrialists in all sections cooperated in searching their organizations for qualified applicants and in arranging suitable leaves of absence in the event of election. With the flood of applications came letters of recommendation from executives, former teachers and acquaintances.

It is of these comments that I speak. As I have reread them I have come to believe that they describe the business leaders of the near future—the 1945 model now in the making. True, these letters were properly advocative in nature. True, they were doubtless colored by enthusiasm for the young men in question. Yet they inevitably revealed the present opinion of men of judgment as to the qualities which assure future executive proficiency. Quickly I should say that the round of abilities necessary to accomplishment appears unchanged. Significance lies in the changing areas of usefulness in which these virtues may be exercised. Tomorrow's business leader will use his talents in new ways, if I have translated these letters correctly.

Broad characteristics

NO two persons will agree upon the method of assorting an assembly of human characteristics; and when I show preference for such broad divisions as energy or physical resource, intellect, personality and character, I know that I shall at once be open to criticism. Yet these groupings provide a screen upon which the profile may roughly be outlined.

Not many years ago, to work hard was to "work with a will." Accomplishment assumedly sprang from will power. Today, I find will power rarely mentioned as such. Instead, executives look for the young man of exuberant energy, who has an innate capacity for hard, sustained work, who likes it, who seems literally to gain vitality by overcoming obstacles. We have come to look for the young man with a clear and unmistakable heritage of physical resource.

Not many years ago, we heard a good deal about the go-getter. He was not mentioned in these letters. Aggressiveness, yes. But in almost every case it was pointed out that it was not overbearing or obnoxious. A new concern for the reaction to aggressiveness was evident.

Not many years ago, we heard a good deal about obedience to orders—loyalty. This attribute is still in good repute, but again it is qualified. Executives want young men who can distinguish when they should follow orders and when they should act on their own initiative, particularly in the event of unforeseen circumstances.

Especially do they praise initiative when it includes originality or when it shows itself in broad social or humanic areas.

There is a trend away from go-getters to go-finders.

Former teachers point with pride to the appearance of energy on the campus. The candidate's participation in important campus affairs is a common characteristic of these letters. Here, activities are often in the form of responsibilities, of managerships and class office-holding. Comments from friends cite an equal range of contributory activities; and there appears in these young personalities a strong love for the out-of-doors—of tennis, of fishing, of golf.

The limitations laid down by the competition made high scholastic standing a matter of course. Nevertheless executives showed evident admiration for the keen mind, the high intellectual capacity, the unusual ability to grasp new problems. The virtue of working long after hours on reports was little emphasized. Rather was there admiration for the quality



How a yellow envelope saves an hour in time of need

EVERY morning, into the mail room of the Metropolitan Life Insurance Company, pours a flood of mail equal to that handled by the city of Fort Wayne, Indiana.

Among the tons of mail will be some 1200 to 1500 yellow envelopes. If it were necessary to open these yellow envelopes and classify their contents, at least an hour would be lost ...at a time when every hour is precious.

But there is no need to open them. The color says that *someone insured in Metropolitan has passed away*... and that someone else is left behind, faced with the extraordinary and immediate expenses that always accompany death.

So the yellow envelope takes precedence over all incoming mail. Unopened, it is hurried to the proper department, where the claim, when verified, is *immediately* put through for payment.

That is one of the reasons why, in the vast majority of all death claims, Metropolitan is able to mail the insurance check on or before the second day following receipt of the claim.

Incomplete or inaccurate information accounts for nearly all cases of delay. Last year, less than one-third of 1% of the claims reached the courts. Legal defense was undertaken only when necessary to protect the interests of the other policyholders and beneficiaries.

The truth is that life insurance companies wish to pay every claim promptly. But competent management and system, as well as sound financial structure, are necessary to make that wish come true.

COPYRIGHT 1938
METROPOLITAN LIFE INSURANCE CO.

This is Number 8 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.

of mind which surmounted intellectual obstacles with ease.

A similar trend was evident in viewing these men's attitude of mind. Eagerness to learn as evidenced by outside studies and reading was commended. But more noticeable was enthusiasm for the ability to absorb new situations and work out solutions; to absorb information quickly, to investigate wide ranges of special problems. Again and again analytical power was stressed—the ability to prepare complete and intelligent reports, to summarize statistical data, to make thorough investigation and then fit results into practical operation on an economical basis.

Breadth of study indicated

MOST interesting was the praise for breadth of intellectual interest. Former teachers recalled desires for diversified courses of studies, while old-time acquaintances pointed to conversational ability in a variety of fields. The executives found satisfaction in two resources. They took pride in these young men's social and civic contributions and their unprejudiced attitudes. They took pride in their capacity to deal painstakingly with detail and yet maintain the larger perspective.

But it seemed to me that the intellectual quality which brought most exuberant praise was adaptability. Those young men who had shown willingness to exert their best efforts on any problem, who had a breadth of accomplishments to their credit, who invariably succeeded in carrying out special assignments, received high praise indeed because they had proved their ability to grow with the organization.

Nevertheless, judgment was the most favored talent. Other qualities enlisted admiration but this commanded respect. The generally sensible outlook, the accurate and balanced decision, the assurance of thorough work and honest thought win without reservation the respect and confidence of superiors.

And now we come to the enigma for which I have no answer. Read these letters and you will find your fellow executives divided into two camps. You will find those who favor the presence of enthusiasm because of its effect upon others, or for its inner stimulus to ambition; while, in another group, you will find those who argue strongly for the stable personality—the steady accomplishment. Perhaps these characteristics are not opposed; perhaps their relative influence may properly vary in different zones of responsibility. Still, I gain the impression that here there is some difference of opinion, although in no case is enthusiasm or its absence made a basis for criticism.

A most striking similarity in these letters was the emphasis—through understatement—which was given to moral integrity. It was mentioned. Men were held to be upright, high-minded, of high moral standards. Yet the point was never pressed. It was taken for granted.

One characteristic appeared that was logical and yet unanticipated. There was a distinct emphasis upon serious-mindedness. Teachers recalled it. Executives commended it because of its close relationship to a sense of responsibility and interest in work. Friends praised it because of its value in their acquaintanceship.

I was interested to find the almost universal approbation which executives gave to ambition. As a college teacher, I have heard not a little about the trials and troubles springing from overambition, and to read the many words of commendation for this prime quality was gratifying. Here was a constant source of delight to the older sponsors. The young executive, outwardly ambitious, who constantly struggled to benefit himself elicited outspoken admiration. Particularly was this true when ambition took the form of breadth in initiative.

An almost inseparable sister-word was "conscientiousness." Already I have referred to the qualities of stability and steadiness. Here we have another affirmation of an old-time attribute that takes the derivative forms of reliability, dependability, persistence, ability to finish any task begun. That inner fire for high standards is still as precious as ever in the eyes of American business men. Why must so many employees suffer under the delusion that they must work *for* a company when, with but the addition of conscientiousness to their efforts, they may work *with* the company and *for* themselves?



When respect and affection reach downward and youthward in our organizations we know that continuity will be assured

Good will in industry

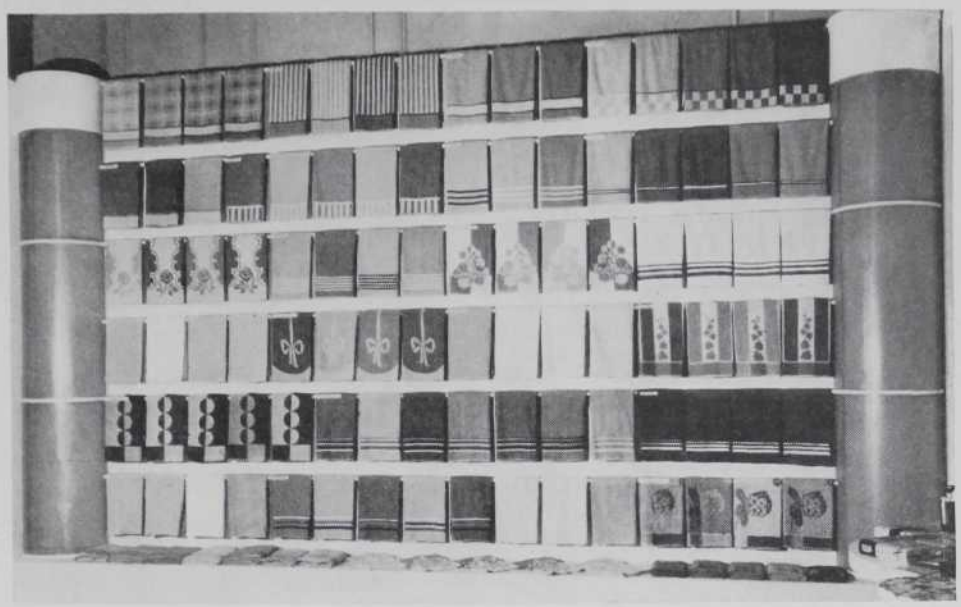
FINALLY, and indeed of greatest interest to me, was the emotional response which these older men returned to the younger and promising personalities. These candidates seemed generally to possess that curious radiance that warms all hearts.

I did not count the number of times the term "pleasing personality" occurred but it was perhaps the most frequent of all approbations. What a change from yesterday when "dominating," "strong," or "powerful" would have been the adjective used. How the virtue of good will is permeating all industry. Again and again I read of men who had been liked throughout faculty and student body, who were generally popular in the organization, who were strongly supported by all associates, who held the respect and whole-hearted cooperation of all employees, who were regarded highly by everyone in the community. Here is a quality which will be increasingly precious in this increasingly overcrowded world. Keen eyes scanning the coming generation have already detected its worth.

(Continued on page 79)



Under the flying fingers *of such capable operators as Miss Quinn of the Payroll Department, Comptometers weave Cannon's figures into an orderly pattern. Miss Quinn operates an Electric Model K.*



Miles of towels *flow from the looms of Cannon Mills, Inc., producer of famed Cannon towels, sheets, and hosiery. Shown above are the twenty-seven new and colorful Cannon towel style ensembles. Cannon Mills produce more than half of the branded towels made in the United States.*

COMPTOMETERS weave figure-patterns for Cannon Mills



Cannon's payroll—*like Cannon's production—is measured in Gargantuan figures. This efficient Comptometer payroll-computing department works on staggered two-week payrolls for 18,000 employees. Here Comptometers are used for adding hours of work, for figuring extensions for gross amount, for making the deduction for net amount, and for balancing the payroll. As a result of a recent department consolidation that effected increased efficiency and savings, Comptometers are now more valuable than ever to Cannon.*

FIGURES loom large in any discussion of Cannon Mills, Inc., whose products find their way into almost every U. S. home. And business figures loom large in Cannon's operations: 18,000 employees, millions of units produced in a day, purchases and sales on a gigantic scale.

"*To keep our figure work under control at all times,*" says E. G. Bost, Treasurer, "*we have become more and more dependent on Comptometers. We put our first Comptometers to work twenty years ago. Comptometers are producing efficient results in our Payroll, Auditing, Billing, Accounts Payable and other departments. They have effected valuable short-cuts and give us figures we can count on!*"

We'd like to show you how Comptometer methods can bring new order out of *your* business' figure-facts. Call your local Comptometer office, or write to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Ill.

COMPTOMETER

Reg. U. S. Pat. Off.

No Business Can Escape Change

However the election results, business is continually seeking the custom of the public

1 • A PLASTIC, non-slip, water-resistant cork and rubber flooring material has been developed from cork, rubber, and other materials. It is applied by trowel, results in a resilient, quiet, wear-resistant surface. It adheres to clean steel, concrete, masonry, composition boards, or wood surfaces.

2 • A NEW filter material removes iron from water whether in soluble or insoluble form. It operates catalytically, is efficient to 0.2 parts per million.

3 • A NOVEL coating can be used as a clear rust inhibitive coating or as a rust preventive primer for practically any type finish. It adheres to all metals, is applied by brush, spray, or dip, dries in fifteen minutes, is practically water clear.

4 • CHROMIUM plating with improved adhesion of electroplated deposits is reported possible after use of a new cleaning material which has a chromic acid tolerance much greater than used heretofore.

5 • A SELF-CONTAINED, portable, electrostatic air cleaner has been designed especially for relief of hay-fever and pollen-asthma sufferers but is also applicable for general air cleaning in an average sized room.

6 • AN INSTRUMENT of unusual accuracy to measure low voltages as from thermocouples is accurate within a limit of error of 0.01% plus 0.5 microvolt. A certificate supplied makes possible a substantial reduction of the percentage error. It measures from 0 volts to 0.111110 volts.

7 • A NEW high-speed process for plating of copper utilizing high current density makes possible heavy coatings in a short time. Smooth or bright coatings may be produced. In chromium plating it makes possible the use of more copper, less nickel.

8 • A NEW drive for conveyor belts does not need to be located at the head end of the belt, does not require a conventional take-up, operates to keep belt at proper tension—a minimum when not loaded—will drive in either direction.

9 • A WINDPROOF ash tray for drafty places has a special cigarette rest which dumps the burning cigarette in the tray if left burning too long.

10 • A NEW desk-type dictating machine requires less desk space than a sheet of letterhead paper, is completely enclosed, and has a new recorder to pick up true tones.

11 • A THERMOPLASTIC material for coating the inside of containers is resistant to acids and alkalies and some alcohols, is moisture-proof, and free from odor or taste. It has no harmful effect on food.

12 • A NEW vertical letter file has a compressor which automatically releases pressure to allow folders to lean backwards into an easily visible position when the drawer is opened. Pressure is conversely tightened up by closing the drawer.

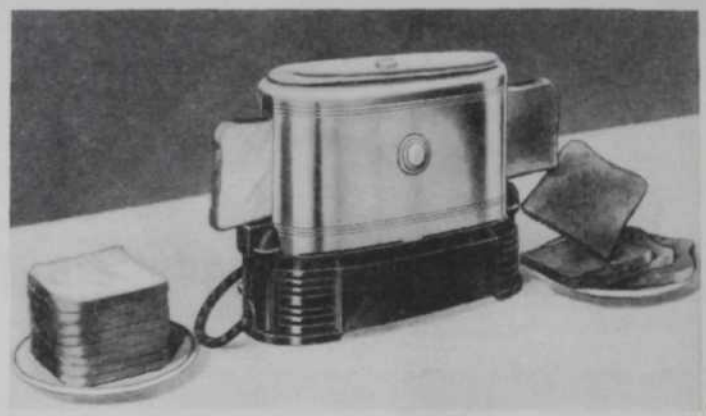
13 • AN INGENIOUS device for first-aid departments and hospitals enables one attendant to lift and move patients without strain to the operator. It is said to be easier on the patient than a stretcher.

14 • FOR PNEUMATIC tube dispatch systems there is now a transparent carrier which permits quicker rerouting and immediate attention to rush matter. It is shatter-proof, available in several sizes.

15 • A COMPACT, portable telephone is only 3" by 3" by 2½". Transmitter, receiver, and ringing device are in the same small housing. The ringing tone is particularly designed for outdoor use.

16 • A KEY chain fastened to the end of a miniature flashlight about half the size of a fountain pen offers sufficient light for keys and many other uses.

17 • A POLISHED chromium scroll for holding books upright combined with an accurate metallic thermometer set in a cherry-inlaid walnut block gives a new combination of utilitarian devices.



26 • A NOVEL toaster has a short conveyor to keep the slices moving. It turns out light or dark toast without grid marks or burned spots, drops the toast, when finished, on a plate. The hood is easily removed for cleaning.

18 • A SHOWER stall floor made of seamless non-oxidizing rubber is leak-proof, easy to install, slip-proof, unaffected by settling of the building.

19 • PEAT, compressed into clean briquettes which burn with a bright flame, giving off an even heat and leaving no bulky ashes or clinkers, are now seeking favor in American fireplaces. They are said to give off a pleasant aroma of peat.

20 • A REAR door for light trucks, of new design, is made of flexible steel so that it can be raised or lowered like a shade. It curves in under the roof when raised, stays put at any point.

21 • A NEW spraying primer for ferrous surfaces dries in ten minutes, gives a semi-gloss coat, smooth in texture, which needs no sanding. It has extreme water-resistance, insulates against galvanic corrosion, is oil and gasoline proof, has good adhesion and is easily bonded to finishing coats.

22 • WET concrete floors can now be patched in one day with a waterproof and oil- and acid-resisting compound.

23 • A NOVEL card game resembling poker may be played by any number of players without gathering around the table.

24 • FOR RAILWAY switches there is now an electric heater to keep them free of ice and snow. The heater is sealed to prevent entrance of moisture, is permanently installed under the rail.

25 • A NEW powder carrier for milady's purse prevents leakage of loose powder. Shaped like a stubby pencil, it easily dispenses powder for the puff. It comes in a variety of colors.

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

"NOW THE BOSS KNOWS WHY!"



1 "Never mistake size as a measure of importance in Motor Control. The failure of a single small motor of 5 h.p. or less can frequently upset operations and cause big losses. It's just good business to buy the best Motor Control for *any* size motor."



2 "And there certainly is a difference in Motor Control. See how easily this entire contactor unit is removed so the correct magnet coil for any specific job can be inserted or the contacts themselves can be inspected in a jiffy. And these contacts are *solid* silver, believe it or not."



3 "Here's some more *real* design that speaks vo umes about the manufacturer's experienc See these pivots or bearings for the movin parts? They prevent sloppy, noisy operation, assur correct alignment of contacts and positive contac pressure. No sliding parts to cause friction, wea and trouble."



4 "You saw those 'twin-break' silver contacts that break up arcing. Now see how they open . . . *horizontally* . . . so that even the semi-arc produced can automatically lengthen *upward* to carry the heat *away*. It simply licks the problem of burning and pitting of contacts."



5 "And here's the most important part of Motor Control . . . the ove load protection. This Cutler-Hammer Eutectic Alloy Relay is t smartest invention of its kind. It keeps the motor working right up the danger point and *no* farther. It is absolutely dependable, unaffected dust or temperature changes. No adjustments to make or go out of orde No parts to replace. Easily and simply reset."



6 "I am sure we have tried every kind of Motor Control made, but the more we compared, the more we liked Cutler-Hammer. Since we have standardized on Cutler-Hammer we have simplified our stock room problem and have effected better service to all our departments. So many Cutler-Hammer parts are interchangeable . . . we should have standardized this way years ago."

"And when it's all said and done, *there's no substitute for experience.* Cutler-Hammer have over 40 years of specialized experience behind their engineering—and their world wide leadership in Motor Control is certainly a valid guarantee of satisfaction anywhere."



Leaders in the March of Business



S. A. Knisely



J. L. Alphen and Capt. Collins



ACME

Louis S. Cates



ACME

Carleton H. Palmer



HARKINS

T. J. Strickler

S. A. KNISELY, director of advertising, Republic Steel Corporation, is the new president of the National Industrial Advertisers Association. Organized in 1922, the Association has made rapid strides in the past two or three years, increasing its membership from several hundred to 1,200. Mr. Knisely has been a leading figure in the drive for membership and in increasing the influence of his Association's activities.

Louis S. Cates, president, Phelps Dodge Corp., who was awarded a medal by the American Institute of Mining and Metallurgical Engineers for the development of large-scale methods of mining copper ores and as an administrator of mining and metallurgical enterprises.

J. L. Alphen will head the combined General Seafoods Corp. and Bay State Fishing Company which will work out of Boston with a fleet of 23 trawlers. The combined company will continue to produce and market packaged fish, both frozen and unfrozen, the total volume of which has increased since 1929 from 83,000,000 to 121,000,000 pounds.

Carleton H. Palmer, president, E. R. Squibb & Sons, who dedicated the new Squibb Institute for Medical Research, occupying a $750,000 laboratory building at New Brunswick, N. J. Aim of the founders is to create in the medical and biological fields an industry-supported research enterprise comparable to the Bell Telephone and General Electric Laboratories in the sphere of physics.

T. J. Strickler, general manager of the Kansas City Gas Company and a director of the U. S. Chamber of Commerce, is chairman of the Gas Association's national advertising committee which has announced another three-year cooperative campaign based on the success of their current promotional campaign for gas equipment.

The INSURANCE SAVINGS

This Seal Offers

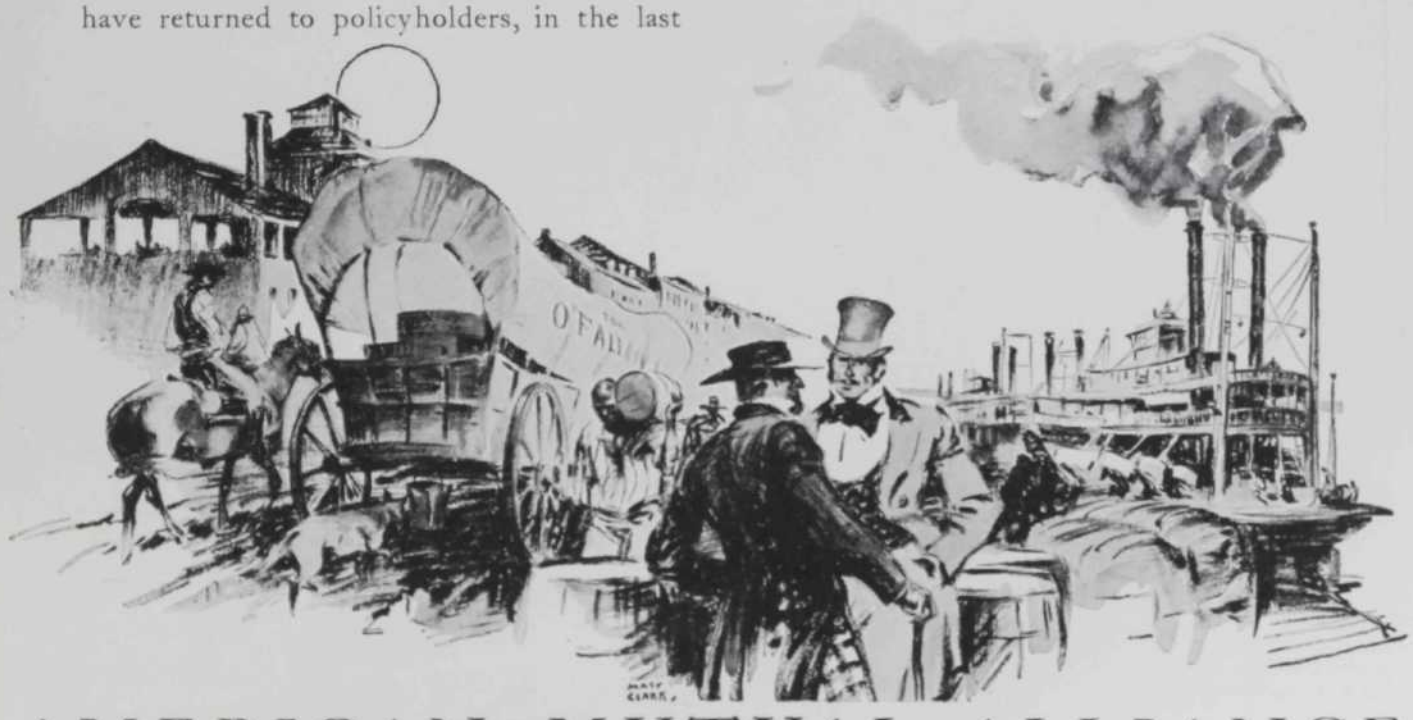


ARE ESPECIALLY WELCOME NOW

"Cut down costs" is the order again being given in many organizations. One place you can save *without sacrificing quality* is on your fire and casualty insurance. Choose any of the 100 companies using the American Mutual Alliance Seal—and you are assured of getting maximum protection in a sound, ably-managed company, at a worth-while annual saving.

The companies belonging to this group have returned to policyholders, in the last ten years alone, more than $282,000,000 in savings.

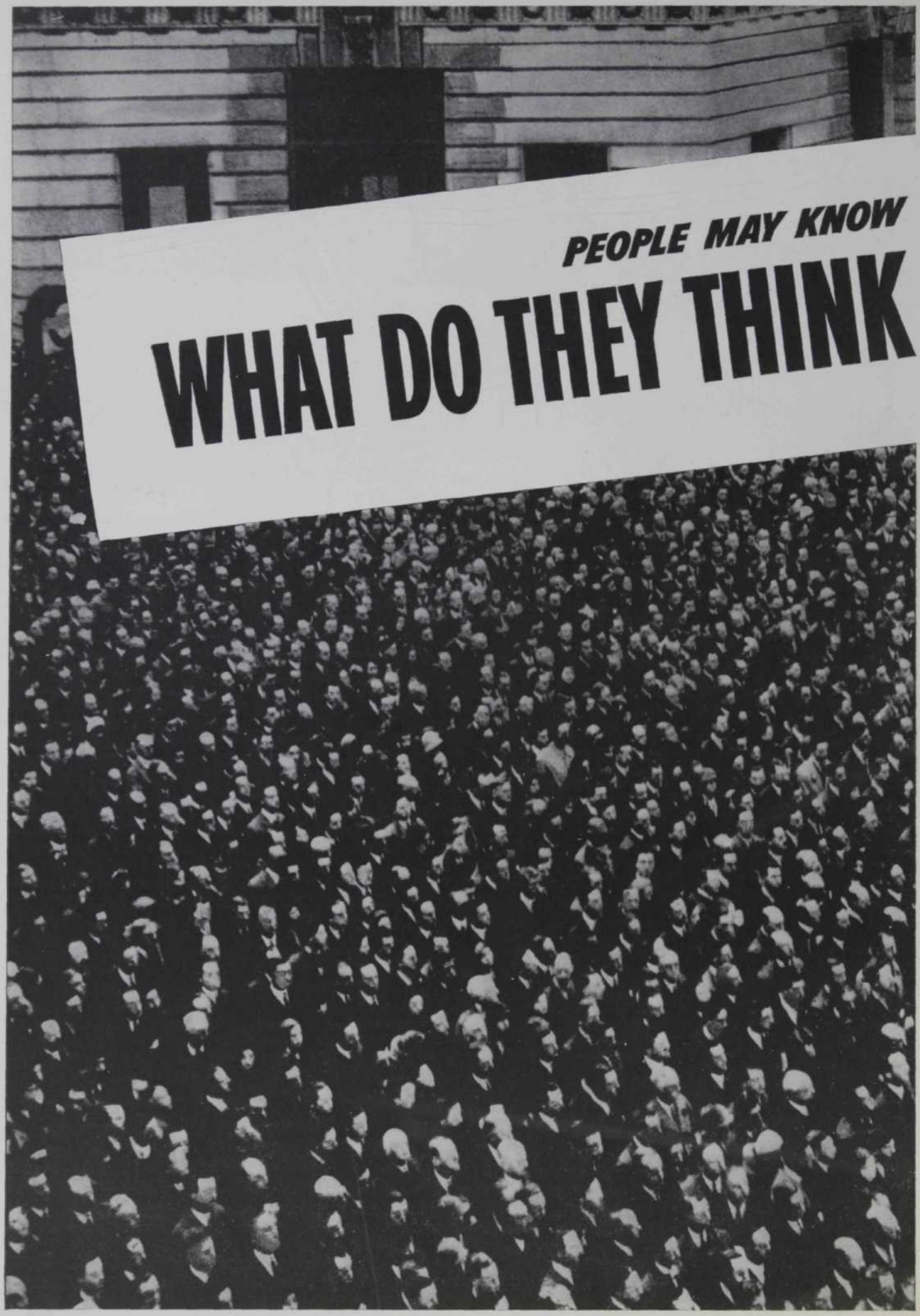
The principle of Mutual insurance is older than any other American tradition. It has weathered the storms of nearly 200 years. Forty-one Mutual fire and casualty companies are past the century mark. Mutual insurance offers you full protection at the most reasonable cost possible.



AMERICAN MUTUAL ALLIANCE

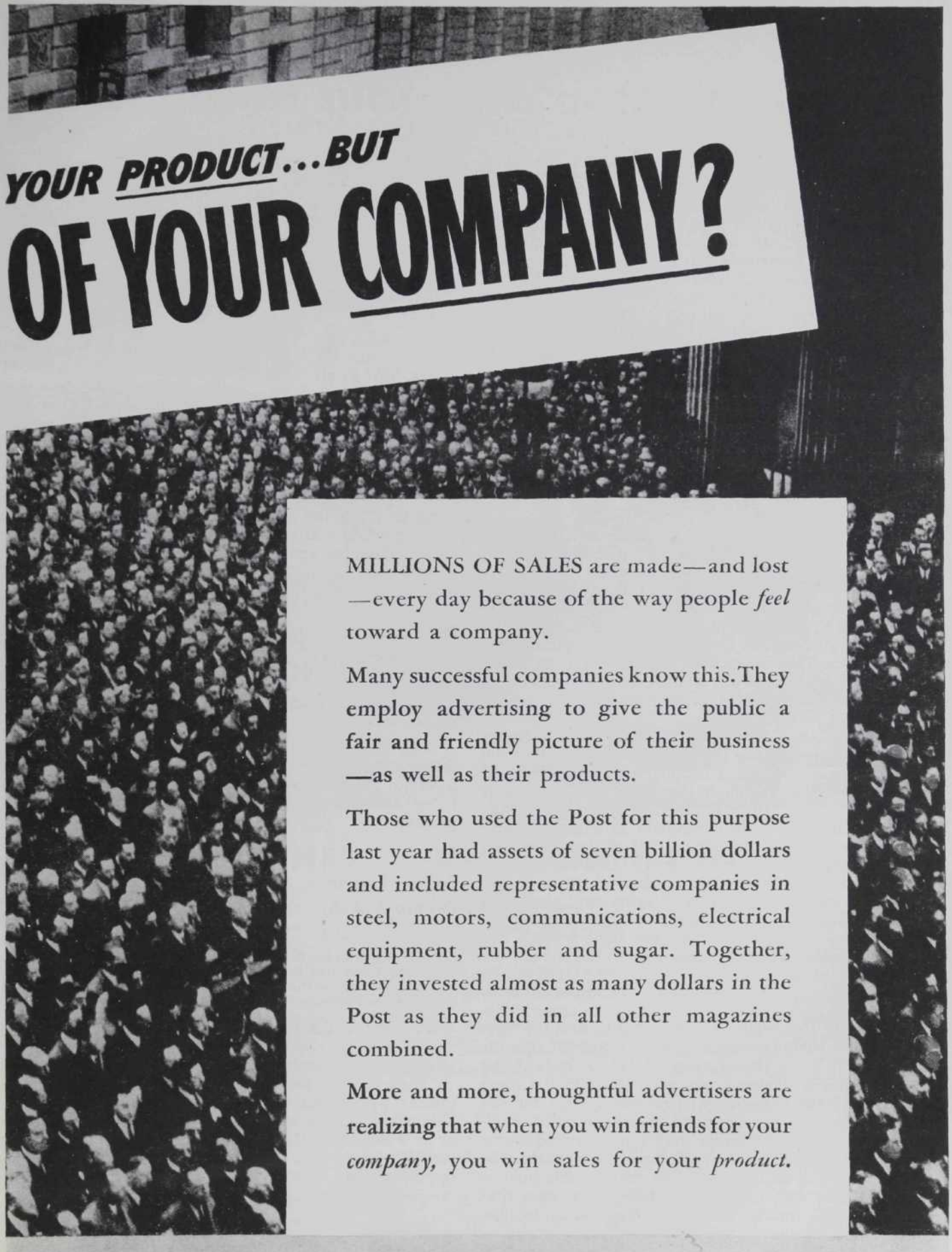
919 *North Michigan Avenue, Chicago, Illinois*

NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES
FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES
NATIONAL ASSOCIATION OF AUTOMOTIVE MUTUAL INSURANCE COMPANIES



PEOPLE MAY KNOW

WHAT DO THEY THINK



YOUR PRODUCT...BUT OF YOUR COMPANY?

MILLIONS OF SALES are made—and lost—every day because of the way people *feel* toward a company.

Many successful companies know this. They employ advertising to give the public a fair and friendly picture of their business—as well as their products.

Those who used the Post for this purpose last year had assets of seven billion dollars and included representative companies in steel, motors, communications, electrical equipment, rubber and sugar. Together, they invested almost as many dollars in the Post as they did in all other magazines combined.

More and more, thoughtful advertisers are realizing that when you win friends for your *company,* you win sales for your *product.*

THE SATURDAY EVENING POST

MORE THAN 3,000,000 COPIES WEEKLY . . . ALL BOUGHT AT FULL PRICE

Washington and Your Business

Say "Uncle" to Corcoran

THE Federal Communications Commission is the latest to feel the weight of Thomas Corcoran's hand. He is not only rewriting the basic law under which the F.C.C. is functioning, but he is giving orders to the Commission:

"We're getting rid of so-and-so," he telephoned to one commissioner. "You vote with us. Or else—"

Mr. Corcoran has practically made it certain that Congress will investigate the F.C.C. After all, it is a congressional and not an executive appendage. Some congressmen want to know about (A) censorship and (B) how to pull wires to get a wave length, and (C) how one goes about evading the F.C.C.'s own orders when one wants to buy a station and (D) how the farmers are going to like what is happening to their little stations through which they get crop news. Or, for that matter, the reverse of crop news.

Might be Big Roman Holiday

IT IS a fair guess that, when the F.C.C. is investigated, Mr. Corcoran will be butchered amid scenes of repellent publicity. It would be an exaggeration to say that Congress is enamored of Mr. Corcoran. Some congressmen, too, would like to trample over Mr. Corcoran's body to get at some of his friends. They recall with sounds indicating pleasure that the last time he was on the congressional witness stand he came away minus some of his feathers.

Another Dash of Dissatisfaction

LINES found in the palms of Secretary Ickes's hands indicate that the Virgin Islands will also be paraded through the halls of Congress, if there is time and space left for the investigation. The Virgins complain in a general way that they are not getting enough out of their own rum and that they are being made to pay taxes for the support of some of Secretary Ickes's ideas which no longer receive his paternal care. The Virgins say, also, that whenever they come to Washington with a complaint an unknown man about Mr. Ickes's size slaps a black bag over their heads and sends them back to the island.

How that Baby Has Grown Up!

THE Association of American Railroads learned from the General Accounting office that in 1928 the Government paid out $25,797,108 for the carrying of 237,401 freight and passenger units. Business was good then. In the fiscal year of 1938 the Government paid $64,340,821 for the carrying of 657,810 freight and passenger units. Business not so good. Complaints were general that government was crowding into the field of private business. The government business in the election year of 1936 jumped to $50,000,000, which was $13,000,000 more than that of 1935. In 1937 another $10,000,000 was put on. In 1938 the Government added another $4,000,000.

Just When Roads Needed Money

AS THE government business with the railroads increased, the profits of the roads decreased. Not entirely a coincidence, for much of this government business was carried at an actual loss. Under the law, the "land grant" roads cut back 50 per cent of their tariff charges on government business. This forces the roads which are not "land grants" to meet the reduced government rate, if they are to get any business. If they tried to refuse the money-losing government business the I.C.C. would get them by the neck. Congress will be asked to void the "land grant" provision in the law. Considerable lofty oratory will result.

Force Met Post: No Harm Done

REGARDLESS of the merits of the controversy between the railroads and their employees, the fact was demonstrated that, under the National Mediation Law, it is possible to iron out a wage-and-hour dispute without the use of sit-down strikes or violent ukases by a federal board. This will be called to the attention of Congress and John L. Lewis when the time comes for the amendment of the Wagner Act, under which the N.L.R.B. functions. It has been stated that Mr. Roosevelt is satisfied with the Act as it stands, but some of the insiders think he will not be stiff about it.

Mr. Andrews and the Courts

ADMINISTRATOR ANDREWS of the wage-and-hour law is breaking new ground. When a business man asks a question to which he does not know the answer Mr. Andrews says:

Darned if I know what to say about that. We'll have to let the courts decide.

This observer does not remember any other administrator since the days of Tugwell who took so advanced a position. Even Gen. Hugh Johnson of the N.R.A. used to feel that courts were mere flyspecks on the mirror of progress.

Putting Finger On the A.A.A.

IT ISN'T like that in some of the holier spots. A correspondent for a string of papers in the South and West got a letter from a cotton farmer:

I sold my crop for $96.26. This would have been all mine, except that I had had a row with the local boss. So the A.A.A. refused to allow me the exemption of $96 to which I am entitled and my year's work netted me 26 cents.

At first the A.A.A. would not interfere with the local boss but when the correspondent acted as though he might write a piece about it a compromise was reached.

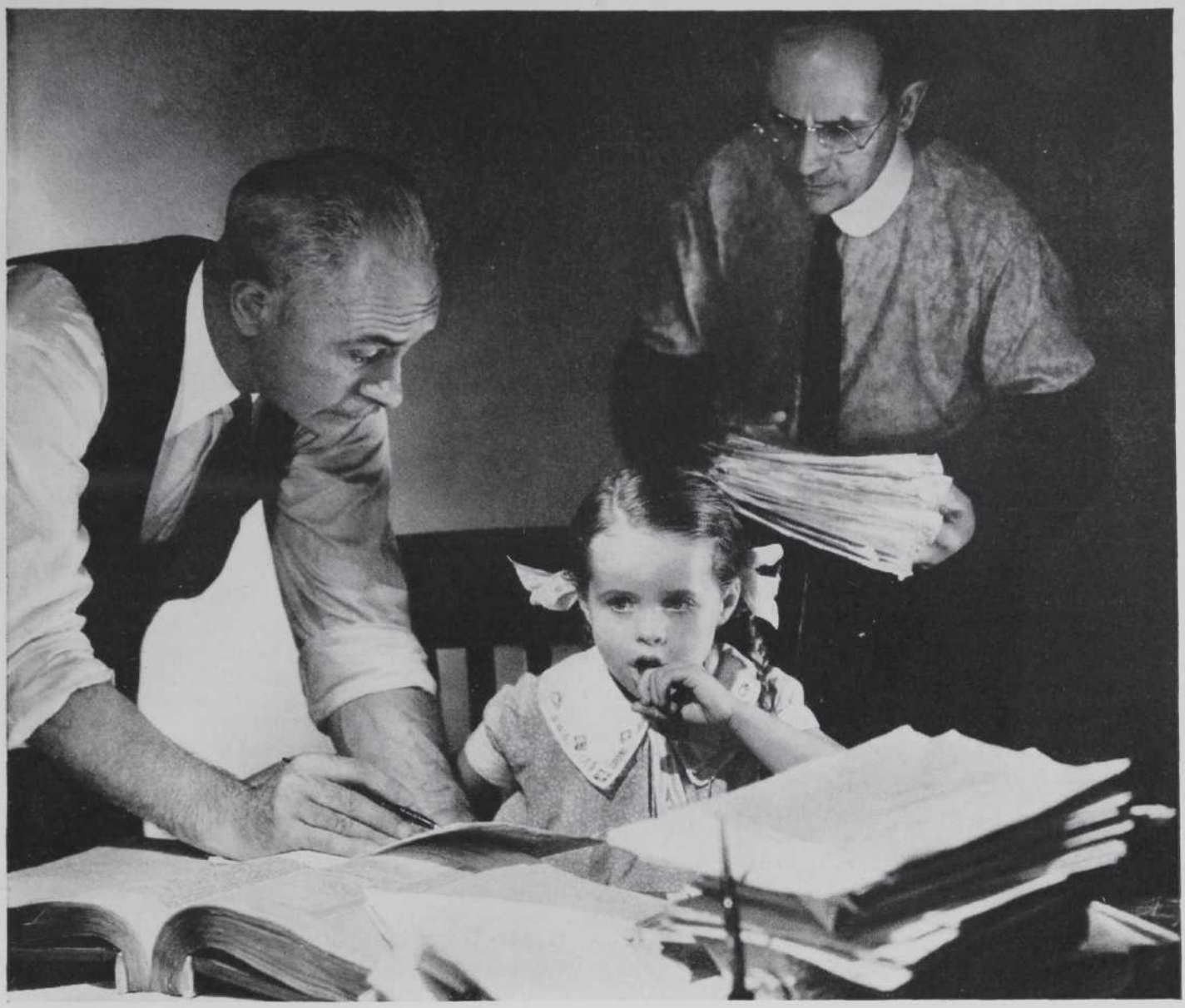
"They allowed me half my exemption," the grateful farmer wrote. But the correspondent is still puzzled. Either the farmer was entitled to all of his exemption or he was not entitled to any. The law does not provide for half exemptions. He suspects that next year the cotton farmer will do what the local boss orders.

One-Way Money Street?

WARREN PIERSON, the young man who is chairman of the Export-Import Bank, returned from a visit to every country in South America, bar one—

"Elated by the prospects ahead."

This listener is not so elated. It appears that a good business on-the-cuff is awaiting us in South America. The Export-Import Bank will underwrite up to 50



YOUR BUSINESS CAN BE ORPHANED, TOO!

PRUDENT business men carry fire insurance as a matter of course, on buildings, equipment and stocks. Yet in a business of three partners, aged 50, there are 13 chances that one of them will die within the next 24 hours, to one chance of fire! That might well mean an "orphaned" business—whether it's a one-man concern, a partnership or a corporation.

There's a simple way to make sure that your business will never be orphaned—Northwestern Mutual Business Insurance. It provides money at the death of any principal of the business. With that money, under previous agreements, the survivors can purchase ownership or control. For a one-man business there is cash to carry it along until it can be sold advantageously. That same insurance shows as a cash asset on the books—builds a reserve available in an emergency, without publicity. It improves credit.

Back of this plan is the kind of great financial institution any business man likes to be identified with—an 81-year-old company conducted solely in the interests of its more than 650,000 members: the Northwestern Mutual. Its assets exceed a billion dollars. Its record for low-cost insurance is unsurpassed.

Talk this over with a Northwestern Mutual agent. He can be most helpful in analyzing needs, and setting up the right plan.

Helpful information on the vital subject of guarding your business against the hazards of becoming an orphan, is contained in our booklet "Protection for Your Business." Send the coupon for a copy.

The Northwestern Mutual LIFE INSURANCE COMPANY — A BILLION DOLLAR ESTATE — MILWAUKEE-WIS.

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
720 East Wisconsin Ave., Milwaukee, Wisconsin.

Without obligation, you may send me the booklet, "Protection for Your Business."

Name.....

Address.....

City.....*State*.....

N. B. 12-38

or 55 per cent of approved sales. That is the kind of business the United States once did in Europe, just previous to the period when hurried business men never waited for the elevator. They just jumped.

Another Good Idea Here

PIERSON thinks, also, that we cannot go on selling unless we do some buying. S. A. has plenty of things to sell us—says he—if we wake up to our wants. Might start some new industries going. Recalls the story told on himself by Charles R. Walgreen, the chain drug-store man. Life offered him no pleasing prospect when he was an underpaid clerk. One day a customer bought a pill and asked for a glass of water:

"This glass is greasy," he yelled. Then he stamped out.

"You fool," said the owner of the store. "Haven't you any more sense—?"

Walgreen lost his temper so completely that he set about making service in that store so attractive that customers would knock old ladies down on the street to get into it. Presently he owned the store. Then he had a chain of them.

Maybe Pierson Should Get Mad

A HASTY survey of the reports of the Export-Import Bank seems to show that although it will finance sales to S. A. it has not done much in financing purchases by business men in the United States. Yet that was thought to be at least one-half of the original idea.

Trouble Ahead in Wage-Hour

A LOT of unsuspected dynamite seems to have been wrapped up in that wage-hour law. Miners and operators have, for instance, signed union agreements which seem perfectly satisfactory to both sides. Even in Harlan County, Ky. But if the deductions for one thing and another from miners' earnings, as covered by these union agreements, leave less than the minimum wage of 25 cents an hour for the hours worked, then the employers must make an additional cash payment. This in spite of the fact that operators are now paying higher wages and working shorter hours than the law requires. That would tear apart the union contract which is at present satisfactory.

Scrip Rears Its Ugly Head

THE wage-hour administration has ruled that wages may not be paid in scrip. There was a time, beyond question, when scrip was used to force miners to trade at the company stores and pay the company prices. Nowadays scrip is merely a convenience by which unnecessary bookkeeping may be avoided. The laws of every state—so far as this commentator knows—require the company to redeem scrip in cash. Miners are protected by statute in the right to demand cash instead of scrip on payday. Nowadays scrip is in fact only an order on the company store to advance a miner something on wages he may or may not have earned. The United Mine Workers agree with the operators that there is no present objection to the use of scrip. But the wage-hour folk do not like it.

By Way of a Business Boost

DR. R. D. W. CONNOR, the scholarly gentleman from Chapel Hill who is in charge of the National Archives, remarked that:

> No more general histories will be written. They're done for. Radio and photography and the phonograph have replaced them. Pretty soon we'll have television.

He will continue to save today's documents, however. Just in case.

Defense and the Public Utilities

REPRESENTATIVES of the utilities have declared that:

"If investor fears of federal utility policies can be allayed to the extent that once again they will purchase our stocks and bonds, utility management will cooperate as a patriotic duty."

The national Administration has asked the utilities in the manufacturing areas to speed up development as a part of the national defense program. When Frank R. McNinch was chairman of the F.P.C. he once said that the industry could absorb $7,500,000,000 in five years for new construction. But nothing can be done until the investor is willing again to invest.

How to Spot Queer Money

CHIEF of the Secret Service Frank J. Wilson has what seems to be a pretty sound idea:

> If any Chamber of Commerce will write me I will send an agent to it to instruct its members in the detection of phony money.

It is easy to spot the queer, he says, because few really first rate numbers are in circulation. In case of doubt a good precaution is to move slowly in accepting bills from strangers. By the time a storekeeper has taken the third look the would-be shover has probably passed the corner.

One More Job for Bureaucrats

THE La Follette committee is working out tentative plans for a bill to be introduced in the 76th Congress, by which a new agency will be set up to control the activities of strike-breakers, detective agencies, and company police. It may be lodged in either the Labor or Justice departments, added to the N.L.R.B., or set up as an independent organization.

A system of registration, fingerprinting, reports by employers and licensing is in contemplation.

Not So Good if We Went to War

THIS is no economic royalist or fat clubman but a colonel in the army:

> If we had to go to war, those hydro-electric developments of the Government would not be worth a nickel.

Reason why, too far from raw materials, no factories at hand, transportation insufficient. The erection of high tension lines to take the power to the places where it could be used would jam the war departmental plans during the all-important first days. The colonel barred T.V.A. from this condemnation. He thought it might show goods.

Labor Leaders Don't Like It

CONTINUING the practically treasonable practice of quoting from the Government:

> Bosses of sailors' unions do not like the Government's new plan of training young men for the mercantile marine. They figure that, in four or five years, several thousand trained youngsters might be on the American ships. Soon they would be replacing the old-type hard-knuckle labor leaders.

Sub-Surface Roaring in T.E.C.

REPORTED that twin temblores have been noted in the vicinities frequented by Senator Joe O'Mahoney, the chairman of the Temporary Economic Committee, and Thurman Arnold, assistant attorney general. O'Mahoney is ag'in monopolies as a class, but thinks some are naturals. He is not afraid of mere bigness. Arnold wants to and likely will organize an antitrust section in the Justice department, which may interfere with the purely investigative activities of the T.E.C. Neither is willing to check his gun at the door.

They're Coming, Uncle Samuel—

UNLESS the signs have failed in the political dust bowl the coming session of Congress will be marked by mayhem and arson. Efforts to amend the Wagner and wage-hour acts to obtain fair treatment for the employer will be made, the A.A.A.'s hope of compulsory acreage control will be briskly fought, additions to the tax burden will be resisted, and an attempt will be made to regain congressional control of spending. Every one is full of fireworks. Add a dozen lesser but very hot issues and the prospect for rioting is excellent. Party lines will be frequently crossed. All eyes will be on 1940.

Who Will Hold Whose Hand?

THERE are sincere investigators in the T.E.C. who are only interested in getting at the facts of the business situation and not at all interested in the political angle. They demand that the T.E.C. get at the truth about union labor. Have recent sit-down and other strikes been justified? Will the two factions tear down the house in their fight? How many labor leaders operate shake-downs? Has government action been controlled by politics? Is there any way out, short of remaking the human race on a better plan? Does the wage-hour law offer a perfect set-up for the labor racketeer?

Efforts to shush these earnest inquirers have merely demonstrated how loud they can scream if they really give their minds to it.

Position Play Is Indicated

A. F. OF L. and C.I.O. agree, that, if governmental intrusion into labor's affairs is continued, the time will come when government will edge dues-receiving unions out of the picture. The chief difference between them is that A. F. of L. wants to head government off right now. C.I.O. wants to milk the political cow a little longer.

Back-Firing by Wage-Hour Gun

APOLOGIES for returning to the wage-hour misery, but its administrators seem just to have discovered one highly important, always apparent, completely forgotten fact:

> If the tiny, marginal, hand-to-mouth businesses which make up so large a share of the total business of the country are forced out by wage-hour exactions, and the public's attitude for their products continues to be good, then who will gobble them up?

The big companies, obviously.

Coming 'Round Mountain Again

OPEN season on the I.C.C. duck will be declared when the 76th Congress gets to work. This will be a part of the plan to reorganize the Government which failed in the 75th but is a long way from being dead. It is admitted that something must be done about the railroads: the Administration is reported to be considerably worked up over their needs; the argument will be that the I.C.C. rabbit had best step aside and let somebody run who *can* run. The opposition is pointing out that this means political control.

Small Loans to Little Business

CONGRESS may be asked to authorize the creation of a small loans bank to supply credit to the small businesses which need money but cannot get it because of a lack of bankable security. This agency would sell bonds to the small investor and use the funds for the purposes indicated. Bankers seem not to like the idea. They point out that what the small business man really wants is equity capital raised by the sale of stock. If the venture succeeds, the investor profits. Until it succeeds the company is not burdened by the necessity of paying dividends. But, the bankers say in effect:

> Under existing tax formulas the open market is virtually closed to the smaller concerns; for the losses accrue as a dead weight while the profits, if any, are so eaten up by taxes that the possible gains are not sufficient to attract those who would ordinarily take a chance.

Suggested action by the objectors: revise tax laws and lower flotation costs under the S.E.C.

Probably Only a Gauzy Theory

NO ONE doubts that the coverage of the Social Security Act will be extended by the 76th Congress. Perhaps old age benefits will be increased. Most congressmen want to be re-elected and 1940 is only two years away. But—

It is very tenuous "but"—

There are theorists who maintain that much of the emotion has been pressed out of the Soc. Sec., and that this winter's debates will reveal that the scheme is not as yet on a sound financial basis and that other voting classes are sufferers by it. They think that the long and arduous task of re-examination by the cold light of practicality may begin.

Just Another of Those Things

THAT paragraph recalls the story that came from the South not so long ago. A kind-faced relief lady taught the girls of a relieved neighborhood how to make prettier dresses than they had been wearing. Then the girls wanted to go somewhere to show 'em off. So the Government built a dance hall. The local fiddlers couldn't swing and the Government trained an orchestra for the well dressed girls. "Pretty soon," said the man who told the story, "there'll be a carriage caller out in front of that dance hall. 'Send up Mr. Moon's mule.' "

Silver and Gold and Big Ideas

INDICATIONS are that the money question will get some kind of action in the 76th Congress. Not many congressmen pretend to know much about it. But even the most naïve among them know how to point out that:

> We have $14,000,000,000 worth of gold holed up and so much silver that we could plate Utah if we had to, and it does not seem to be doing us so much good. How about it?

Translating into simpler tongues that means that another drive toward inflation is on the way. Or else those who sit by the headwaters are misinformed.

Which Reminds of Odd Fact

LIFE seems made up of many odd things. About the same time that the suggestion was made that another government bureau be created to tell business men what they ought to know, Calvert Judkins, in charge of trade associations for the Department of Commerce was telling business men that:

> There are 3,000,000 firms eligible to join trade associations in this country.

He thought these firms should join and through these associations study the operations of business. He intimated that he could not understand why they had not joined long ago.

Herbert Corey

Duck Hunters' Tax Receipts



U. S. BIOLOGICAL SURVEY

A duck hospital with free medical attention at game refuge

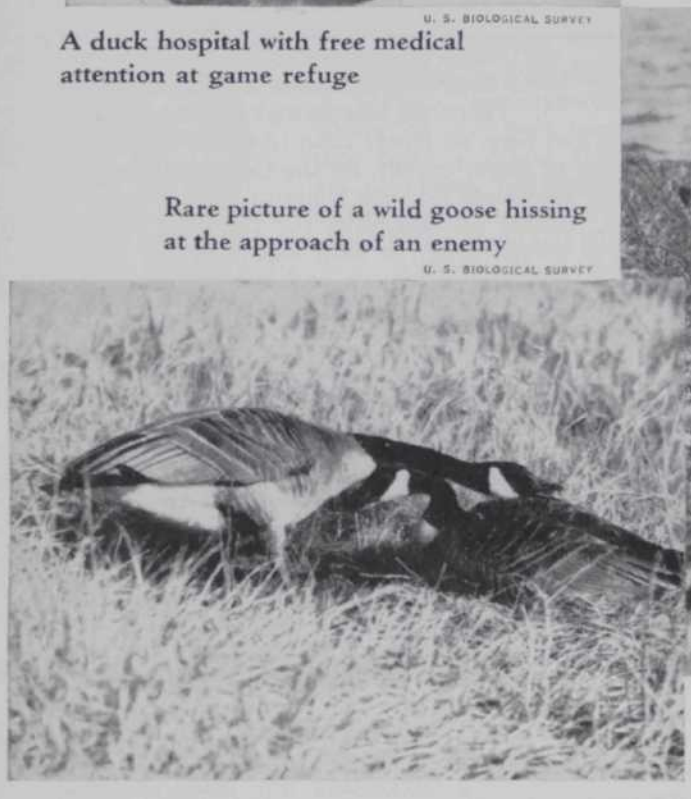


Any sportsman's blood would boil if he found a duck caught like this

U. S. BIOLOGICAL SURVEY

Rare picture of a wild goose hissing at the approach of an enemy

U. S. BIOLOGICAL SURVEY





CUSHING

Few hunters object to the payment of license or tax fees if they know that the money is spent for conservation

AMERICAN citizens spend about $15,000,000 a year in licenses and taxes alone for the privilege of hunting. About $11,000,000 is for licenses, $700,000 for duck stamps and some $3,000,000 pays a special tax on guns, cartridges and shells. Unlike many other government levies, most of this sum has been applied for the direct benefit of the citizens who spent it.

Critics say that lack of coordination among government agencies concerned with conservation raises the cost and lessens the effectiveness of the program, but among business men who enjoy hunting there seems to be a feeling that tax money spent in attempts to increase the game population has been pretty acceptably accounted for.

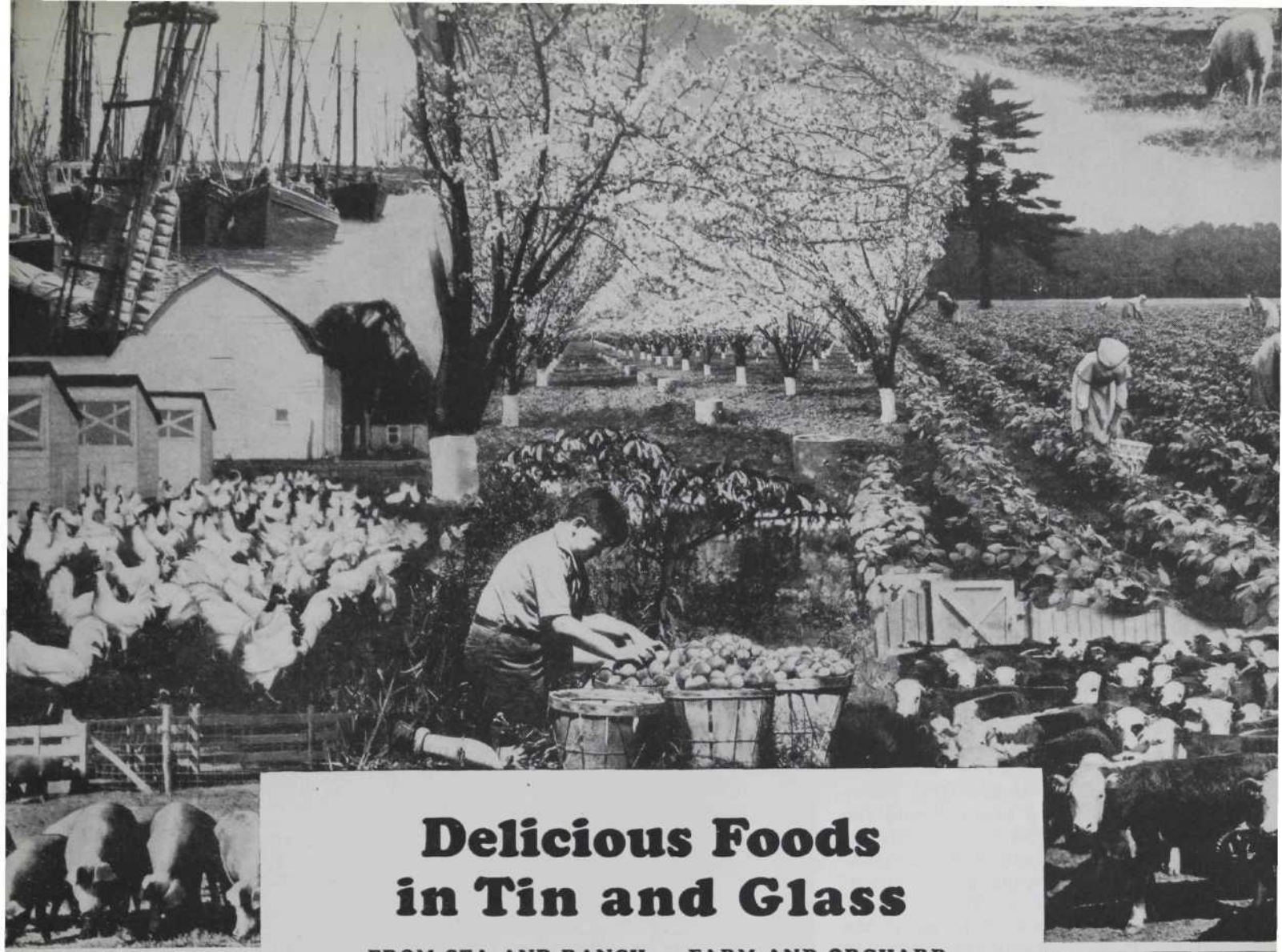
For proof they point to the Pisgah National Forest in the South where 1,600 permits to hunt were issued last year. A few years ago only a few deer could be found in that area and no hunters were allowed. Today hunting is one of the measures used there to keep the deer population within bounds.

According to officials of the Biological Survey, waterfowl were at the lowest point in all history during the 1933-34 season. As testimony that their conservation efforts have been helpful the field biologists cite the increase of birds using the Mississippi flyway where 800,000 waterfowl went south in 1934 and 2,000,000 in 1937. Wild geese, too, have apparently benefited as shown by a census taken at Lake Mattamuskeet, N. C., where the Canada geese increased from 14,000 in 1935 to 55,000 in 1937.

Redheads and canvasback ducks have not increased greatly though many of them have been saved. The great drought is generally blamed for the decrease.

Biological Survey officials believe that hunting restrictions are the most certain remedies to insure a replenishment of the duck supply. They suggest an annual kill limited to less than 10,000,000 ducks.

With hunters controlled, they believe that efforts to establish refuges and restore despoiled breeding grounds may eventually succeed as well as their much older campaign for the preservation of song birds.



Delicious Foods in Tin and Glass

FROM SEA AND RANCH . . . FARM AND ORCHARD

Food in tin and glass—behind those little words lies a fascinating story that every American should know • Each year nearly 9,000,000,000 food-laden tin and glass containers march into America's pantries. Locked safe within their gay and gleaming exteriors, are more than 300 different delicious contributions to greater healthfulness, variety and joy at our tables. Here is the pick of the crop from innumerable farms, orchards and broad ranges; from all the prolific seas that wash our shores • Scientifically cleaned, sterilized and prepared in many forms, this fresh goodness is hermetically sealed against contamination by the magic fingers of intricate machines. Thus preserved, modern transportation is able to carry the fullness of our harvests to the four corners of the earth, defying season, climate and distance • Canning has become a giant American industry, employing scores of thousands of workers, hundreds of millions in capital. There are canneries in 44 of our states; in Alaska, Guam, the Hawaiian Islands. Their products are used the world over, and feed much of the world's population • *Santa Fe has told the gripping story of "Delicious Foods in Tin and Glass" in a beautiful little book that will grace your library table. A word to the Santa Fe Railway, Room 1233 Railway Exchange, Chicago, will bring it to you with our compliments.*







● The Santa Fe is proud of the place it has been privileged to hold for 50 years in the development of America's canning industry and the distribution of its products. Our rails carry the materials of which canneries are built; tap the sources of their raw foods; bring them containers, boxes, barrels, lumber, nails, labels, lids and cartons, and their gleaming, miraculous machinery. And in 1937 Santa Fe moved over 300,000 tons of finished canned goods.

Santa F

Your Broadcasting Business

By HERBERT M. BRATTER

A QUICK backstage visit with an industry which you control by the simple manipulation of a button—a privilege, incidentally, that few other nations enjoy



Broadcasting in many foreign countries is the Government's affair and listening is a public duty

SOUND and fury of political salesmanship on the air waves all remind the listener that broadcasting is a matter of public policy, as much concerned with the nation's best interest as with the fortunes of individual candidates.

Note well that the average Congressman's opposition to "superpower" or bigness in broadcasting coverage—chief of the issues before the June F.C.C. hearings—is directly related to his desire to prevent "monopoly" from gobbling up the microphone in his district. That helps explain the Senate's adoption of the Wheeler anti-superpower resolution in June.

The proposed Government-owned station is the Big Bad Wolf in broadcasting's dreams of the future. The Celler and Chavez-McAdoo bills and hearings on them revealed the Wolf's toothy smile. Proposals for government operation have been opposed since broadcasting's infancy. There is still plenty of opposition to it, even within the Government. The national defense viewpoint signifies instantaneous government censorship in case of war. Right now the pressure of European short-wave propaganda in Latin America keeps the question of a U. S. government station active.

Other problems of the broadcasting business are raised at the F.C.C. Last June long hearings centered on the question of power and "superpower." This fall's hearings deal with chain broadcasting and charges of "monopoly."

Every time the F.C.C. hears an application for a new station or a change in an existing station, every other station likely to be affected finds it desirable to be represented. Few businesses are so closely in touch with the Government as is radio.

The tired taxpayer who tunes in for a bit of free entertainment seldom thinks of the organization and system required by the business of broadcasting. There's more than just the business of making, distributing, repairing and replacing the sets in more than eight out of ten homes. Broadcasting is a business in itself. Altogether radio in 1937 involved the payment of $927,000,000 in the United States, which means that each member of your family one way or another paid $7 for radio entertainment.

Radio is still private business

ABROAD broadcasting in many countries is the Government's affair, and listening is often a duty. But here, broadcasting is still private business. It is not even Government subsidized. It is self-supporting. Although regulated by the F.C.C., it is not censored. Available free to the President, it is also freely available to political contestants for public office. American broadcasting constitutes a great public forum. It provides, moreover, a means of instantaneous mass communication.

What are broadcasting's statistical dimensions today?

Out of every 100 families, 82 own radios; in New England and the Middle Atlantic States, 92. Mr. and Mrs. Public have invested more than $1,350,000,000 in receiving sets.

About $150,000,000 is being spent each year just for electricity for receiving sets in these United States.

At least $75,000,000 is spent annually for servicing sets.

More than 1,000 factories manufacture receivers, tubes, parts, transmitters and sound equipment.

More than 4,000 retailers sell receiving sets exclusively.

Forty-six million dollars is invested in broadcasting stations, and the investment in transcriptions and recordings is large.

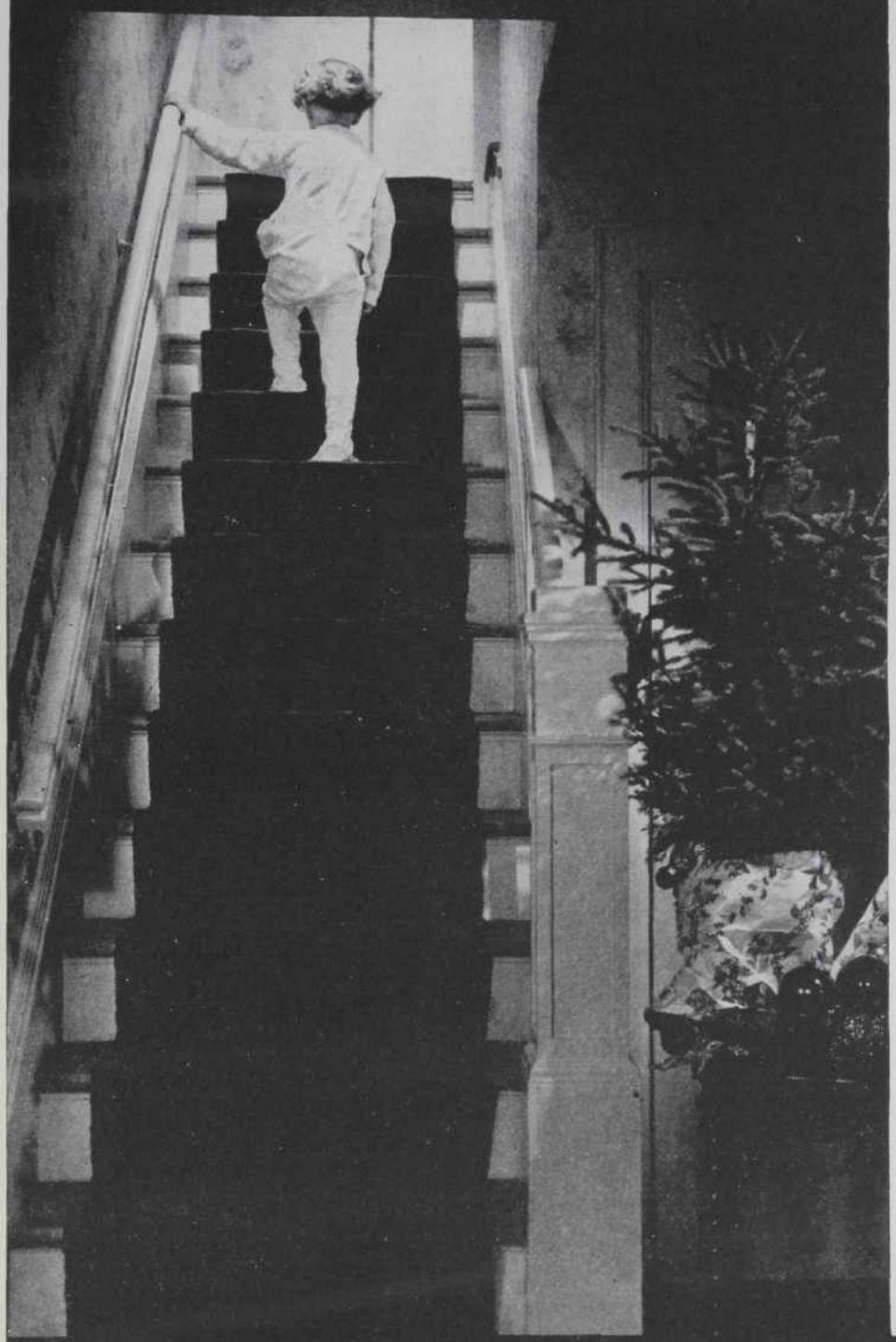
Broadcasters pay telephone companies more than $6,500,000 for "private line service."

Making allowance for other forms of advertising, expenditure for radio time may represent one-fifth of total advertising expenditures.

As a mere plaything, broadcasting is thus a costly toy. It's good business, too. For example,

Annual time sales	$118,000,000
Program and talent expense	32,500,000

"Unforeseen events . . .
need not so often change and shape the course of man's affairs"



". . . he'll be here by eleven, SURE!"

TOMMY on his way to bed . . . a quiet house . . . the sharp scent of a Christmas tree—waiting to be trimmed. Then the phone bell's clamor.

She lifted the receiver. Her husband's voice came over the wire.

"Honey, it will be a couple more hours before I can get away. Just ready to leave when Jack Bigelow phoned he had been held up. He had a pocket full of new bills and, worse luck, his wife's Christmas gift—a grand wrist watch—stolen. I had to get him straightened out under that personal hold-up policy I sold him. Five minutes ago Bill Stokes called the office. He's at police headquarters in Milford. Some kind of a highway accident—and Bill has his automobile coverage with us. The poor guy is frantic—he's head of the committee that distributes poor baskets tonight. I can't let him down. I've simply got to drive out there and get his release on a bail bond. I'll be home by eleven, though—sure. It's tough, on Christmas Eve. But we'll have time then to trim the tree and fix Tommy's things."

As she replaced the receiver, a sleepy voice called from the stairs.

"Muvver—muvver—when will Santa Claus be here?"

"Before long, darling." Then struck with a sudden thought, she smiled softly and, more to herself than to Tommy, added: "He'll be here by eleven—*sure.*"

THE MARYLAND

MARYLAND CASUALTY COMPANY · BALTIMORE

Net income after Federal income taxes	$18,900,000

Station WLW, 500-kw. Cincinnati superpower broadcaster, earned more than $700,000 last year, while the networks, after federal taxes, took in about $6,400,000.

In various respects broadcasting is unique. It must renew its license every six months; and it deals with an invisible and intangible audience. With such changes as television and facsimile already on the horizon, broadcasting is distinctive in that it uses an already congested, publicly-owned "right of way" to serve its vast audience, from whom directly it collects not one cent.

A valuable public utility, broadcasting thus has no "rates" to be regulated. Still, because the broadcast "band" is so limited, it must be policed by the Government. Hence the F.C.C., a gangling young regulator with ticklish responsibilities. It is almost daily in the news, now as an inquisitor, now as congressional storm center; here as appraiser of "public interest, convenience and necessity," there as chaperone to young listeners.

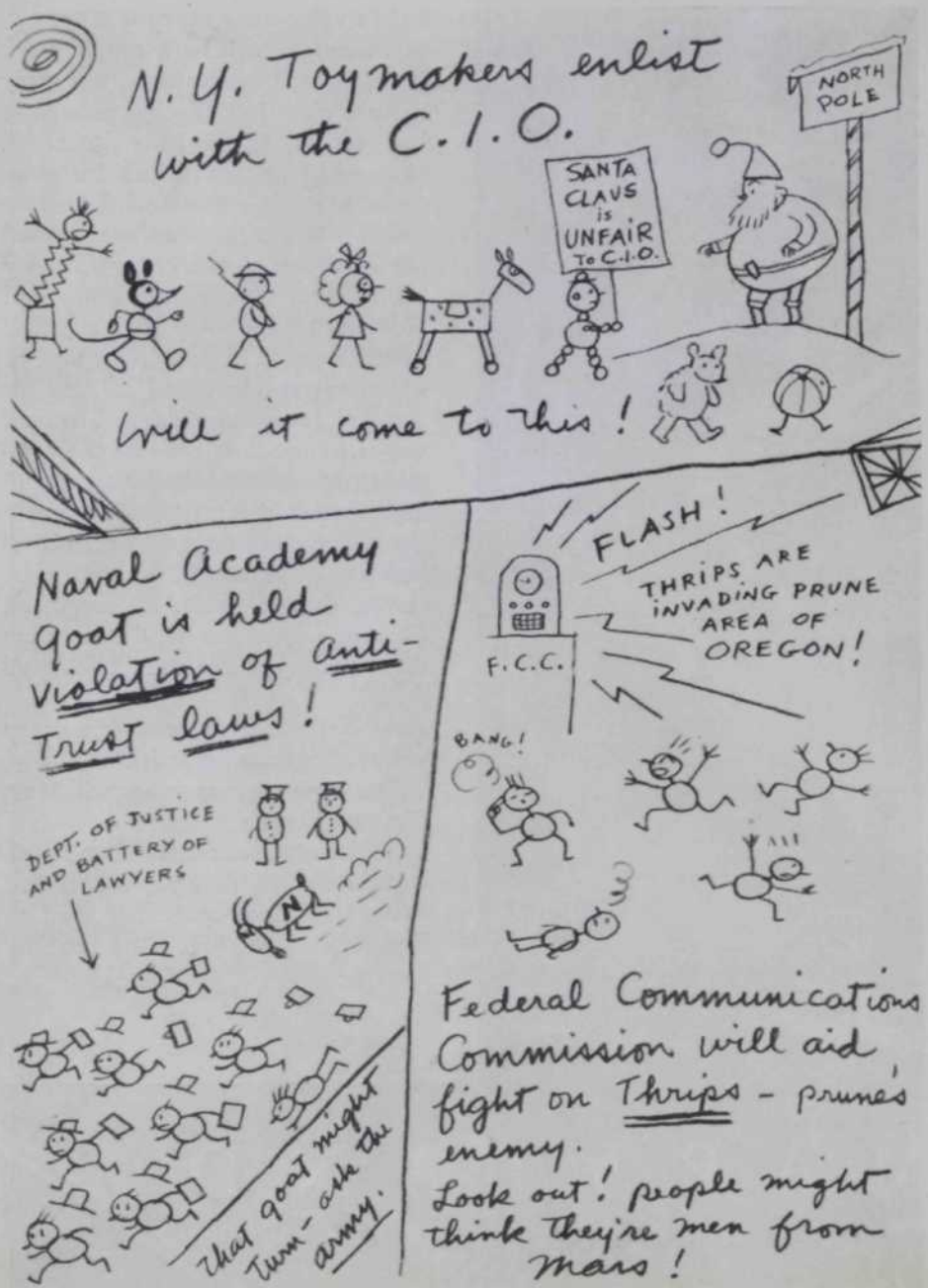
An audience is needed

BROADCASTING'S stock in trade is, of course, the audience it reaches. A station's audience depends on the quality of its entertainment, and no less on its location with reference to listeners, its electric power and "frequency," interference from other stations, and the like. In last analysis, the terms of the F.C.C. license limit a broadcaster's profit. The F.C.C. thus may make or break an established station. To a proposed one its approval is absolutely necessary. The power to renew a license is of itself an important instrument of regulation and is potentially an indirect means of censorship.

The broadcasting business sells audiences to advertisers. But, using the word in its other sense, the audiences also must be "sold" and kept sold because an audience is a perishable commodity. The broadcaster "sells" his audience with amusement, news, education, business, crop, weather and political information, and so on. As competitors for the listeners' leisure hours, broadcasting faces the movies, the less serious parts of the evening newspaper, magazines, books, and the stage.

In spreading news—especially weather and crop reports for the rural areas and smaller towns—broadcasting has carved out for itself a permanent place. Its shipping information, and its services in time of flood or other disaster are indispensable. It is an invaluable adjunct to education, notably in the field of music. Here the opportunities for public service are still great, since educational programs are necessarily limited during those peak audience hours constituting the bread and butter, and frequently the dessert, of the industry.

From a Business Man's Scratch Pad . . . No. 32



Chewing Gum

DUBBLE BUBBLE chewing gum, product of Frank H. Fleer Corporation, missed mention in Frank Hales Allen's recent article, "Penny Sales Pay Dollar Dividends."

Reader William B. Hunt, Fleer's sales manager, complained, detailed company history to show why recognition was earned, doubted any one company manufactured 60 per cent of the penny chewing gum sold.

Wrote Reader Hunt:

Frank Fleer, who founded the Frank H. Fleer Corporation away back in 1885, was good copy in his own right as he soon made his presence known in the infant gum industry by developing the candy coated type of gum which was popularized under the name of Chiclets. Frank Fleer and Mayer Schwaab were pioneers in the advertising of chewing gum and through their efforts they completely demoralized the set-up of the so-called chewing gum trust which was later to become the American Chicle Company. No sooner had Frank Fleer sold out to the interests that became the American Chicle Company than he jumped right back into the chewing gum business again as the Frank H. Fleer Corporation. This present Company for a number of years has pioneered in the development of chewing gums sold to children and I think most people closely connected with the industry will grant us the distinction of having helped to develop the present type of non-sticky bubble gum which we market under the trade name of DUBBLE BUBBLE.



Due to rotogravure's flexibility, an advertiser can pick practically any territory or city he wishes and, at very little cost, run a rotogravure test campaign in it.

In the last few years an increasing number of outstanding manufacturers have been following this procedure...and significantly, almost without exception, the results of their tests have led them to order full schedules in rotogravure.

The case, reported on the next page, illustrates the point.

Kimberly-Clark Corporation
Established 1872 • Neenah, Wisconsin
NEW YORK
East 42nd Street
CHICAGO
8 South Michigan Avenue
LOS ANGELES
510 West Sixth Stre

ROTOGRAVURE *Proved* ITS VALUE TO SHOE ADVERTISERS

The Red Cross Shoe

THE UNITED STATES SHOE CORPORATION
CINCINNATI — OHIO

EXECUTIVE OFFICES

August 31, 1938

Kimberly-Clark Corporation
8 South Michigan Ave.
Chicago, Ill.

Gentlemen:

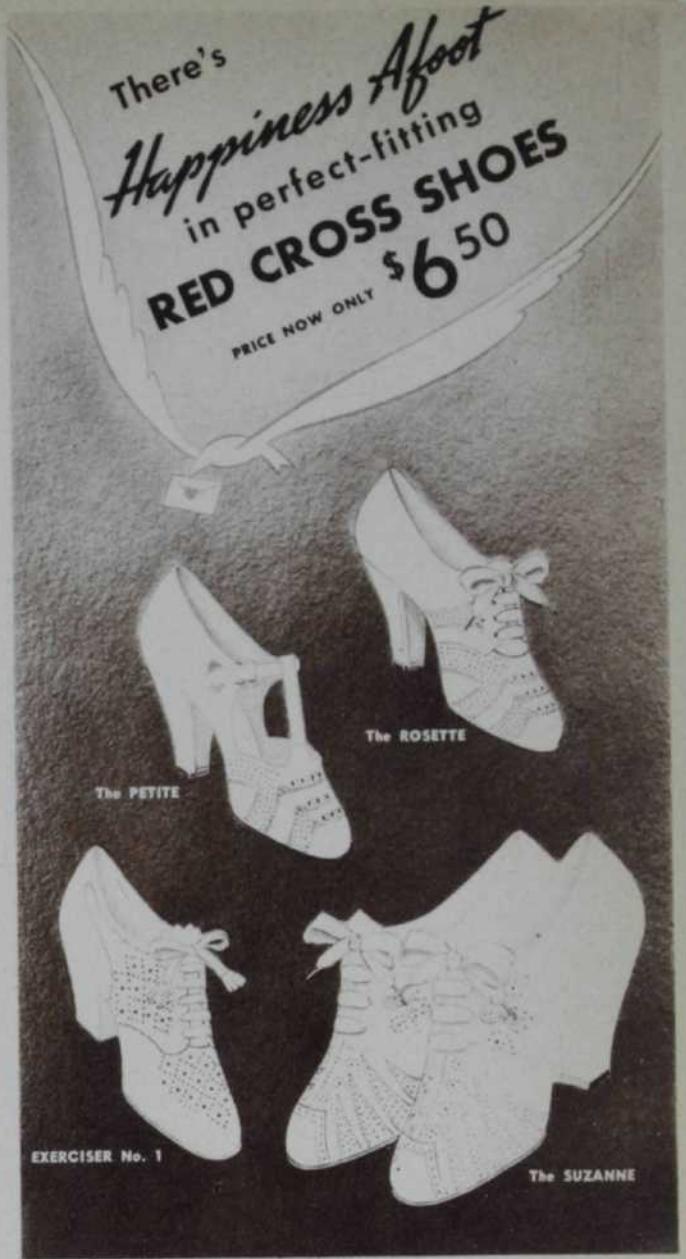
Three years ago The United States Shoe Corporation began advertising RED CROSS SHOES in a small way in just one rotogravure section in one metropolitan city. The results, eminently satisfactory, have caused us to continue this campaign with large space running every other week during the selling seasons in fifteen different rotogravure sections throughout the nation.

Last year we scheduled full page four-color advertisements in certain metropolitan newspapers. They have proven so successful we have expanded these full page four-color advertisements into seven of the larger cities from coast to coast.

These results have been so outstanding I thought you would like to know this.

Respectfully yours,
THE UNITED STATES SHOE CORPORATION

Jos. S. Stern, President



Swing along in these smart white Red Cross Shoes without a foot-care — with the free and eager step of youth. Superbly styled. Perfect fitting. Endorsed by foot specialists everywhere. Now only $6.50. The Red Cross Shoe Company, Cincinnati, Ohio.

RED CROSS SHOES

Kimberly-Clark Corporation

Established 1872 • Neenah, Wisconsin
NEW YORK, 122 East 42nd Street
CHICAGO, 8 South Michigan Avenue
LOS ANGELES, 510 West Sixth Street

MEMO . . . for Busy Readers

1 • Sales taxes have high yields 2 • Gas taxes exceed auto workers' wages 3 • Regulating roadside business 4 • One fourth the nation at school 5 • Experimenting with a steel plant

History of Sales Taxes

SALES taxes adopted by 23 states since 1921 annually produce about $350,000,000, rank as the third most important source of all state tax revenue. Philadelphia was the only city in 1938 to apply a sales tax for the first time, bringing total municipalities administering the tax to eight. New York City renewed city sales tax approved in December, 1934. New Orleans substituted a one per cent sales tax for a two per cent luxury tax. These three cities include the sales tax among "emergency" levies, with laws limited to one- or two-year periods. Sales tax revenue is used for relief or other welfare expenditures.

Extension of sales taxes to other cities, Federation of Tax Administrators reports, has been curtailed partly because the laws of most of the 23 sales tax states reserve to the state the right to levy such a tax. In West Virginia, where there is no such restriction, Charleston, Huntington, Bluefield, and Morgantown for several years have collected sales taxes.

Sales tax was administered by several cities in Missouri before June, 1937, when the state legislature passed a law which barred municipalities from exercising this power. St. Louis, which has the status of a county, retained the tax. New Orleans, which obtained special permission under the state law to collect a sales tax, receives its revenue from this tax from the state. Residents of New Orleans pay a tax of two per cent instead of the regular one per cent state sales tax. The entire tax is administered by the state and turned over to the city treasury.

A Billion for Gas Taxes

NATION'S gasoline tax bill for 1938 will approach $1,000,000,000. Wages paid in motor vehicle and parts factories for the year will be short of that amount.

Before 1929, annual gasoline taxes were less than half the pay rolls of automobile factories. In 1928, for example, gasoline taxes were $304,871,000, as compared with a total of $700,000,000 paid in wages. Many states increased their gasoline tax rates, and the federal Government put on a duplicating levy which now adds $200,000,000 annually to the gasoline tax bill.

By 1930 annual amount paid in gasoline taxes exceeded the total wages to automotive workers, a condition which has prevailed in every succeeding year. Even in 1937, when automobile factory pay rolls established a record high, gasoline taxes were about $150,000,000 greater. Disparity between what the tax collector takes in 1938 in gasoline taxes and what the workers receive in wages for manufacturing automobiles was expected to set an all-time record.

As gasoline taxes and the wages of workers in automobile factories directly or indirectly come from the same pockets—those of motorists and other highway users—the facts, says the American Petroleum Institute, indicate that "the growing burden of gasoline taxation tends to aggravate unfavorable economic conditions which may depress activity in the automobile industry. High gasoline taxes definitely appear to be a retardant to sales of new automobiles."

Regulation for Roadsides

SAN MATEO County and its neighbors, Santa Clara, Monterey and Marin, in California, within the past six years have established strict regulation of roadside use by zoning ordinances. Kern and Santa Barbara Counties have also pioneered in this field. Several other counties are taking similar steps.

The California counties, reports the American Society of Planning Officials, regulate business areas along the road as to size, location, and building setback. Businesses are restricted to those necessary to the traveling motorist. Zoning laws control the architecture of roadside buildings to keep them up to a standard of design.

Elsewhere in the country, Fairfield County, Conn., and Glynn County, Ga., provide examples of county zoning regulation to control highway usage. Westchester County, N. Y., has adopted the parkway principle, whereby the right-of-way is wide enough to control roadside uses.

Strictest exercise of roadside control is that of the National Park Service, which since 1935 has been an increasingly large parkway builder. The federally built parkways require a right-of-way averaging 800 feet in width, plus 50 acres a mile for rights in land guaranteeing full view of the rural scene. No frontage on private land can be used for commercial purposes. All business buildings are designed by and operated under control of the National Park Service.

Bookworms by the Million

APPROXIMATELY 33,000,000 children, young people, and adults—one-fourth of the nation's total population—are keeping a date with school books. Enrollments include 22,400,000 boys and girls in elementary schools; 6,750,000 in high schools; 1,300,000 students in universities and colleges. Several million persons registered for evening, part-time, vocational and emergency education classes.

In 1890 there were about 200,000 pupils in public high schools. High school enrollment for 1937-38 was approximately 7,000,000. While elementary school enrollments have been shrinking, rise in high school enrollments offset the lower-grade decreases until 1934-36, when, for the first time, total enrollments in public elementary and secondary schools declined.

More than 200 subjects are offered in high schools. This fact as interpreted by the Office of Education, Department of the Interior, indicates that "teachers and school officials are making every effort to maintain the interest of all by varying the curriculum to meet the needs of the approximately 70 per cent of our country's high-school age population seeking a democratic secondary-school education." Fifty years ago, when only 200,000 pupils were in public high schools, only nine different subjects were offered. About 2,000,000 young people entered high school this year for the first time. An additional 400,000 young people began college careers this fall.

More than 1,000,000 teachers will instruct this year's army of education seekers. More than $220,000,000 is invested in plants, equipment, and other property of teachers' colleges and normal schools. Average salary paid city school teachers is $1,818 a year; rural school teachers, $827 a year.

Steel Plant in Miniature

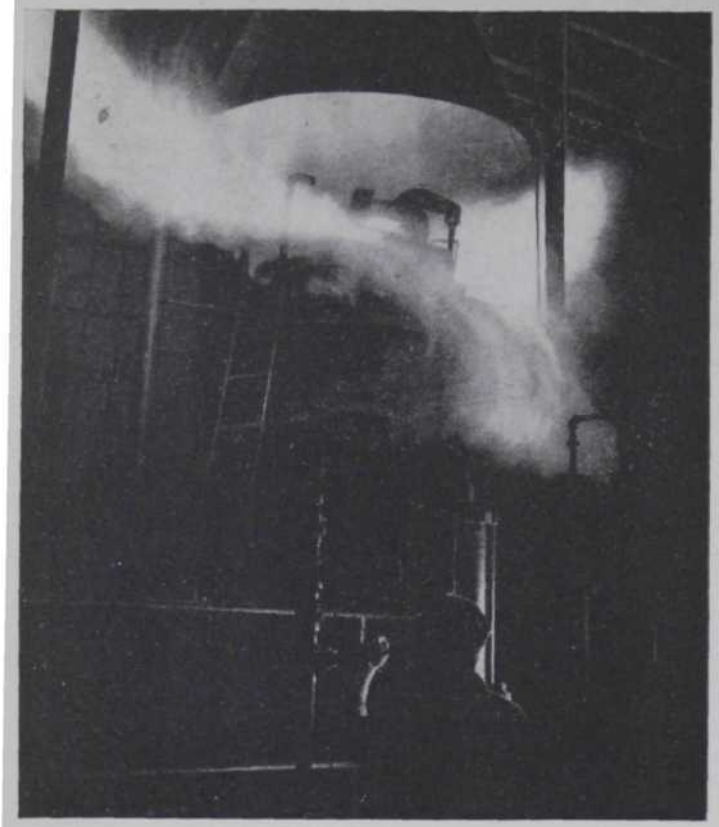
MINIATURE steel mill with output scaled to fractions of commercial products is new feature of Jones and Laughlin's Pittsburgh plant. With model mill in use technicians can try out ideas at laboratory cost. Designers assert pilot mill "takes steel research out of the test tube and off the blue print by substituting actual working conditions."

Vest pocket mill includes open-hearth furnace from which are cast steel ingots weighing 185 pounds to 900 pounds. Standard ingot weighs 3½ tons to 10 tons. Steel then goes through a soaking pit and on to two rolling mills, one for primary reduction of ingots, other reducing bars to convenient sizes for test specimens.

Plant also includes a 500-pound steam hammer, a welding machine, and experimental electric furnace. A Bessemer converter will be added to supplement the open-hearth furnace.

Old King Coal Mends His Throne

By CHARLES M. HACKETT

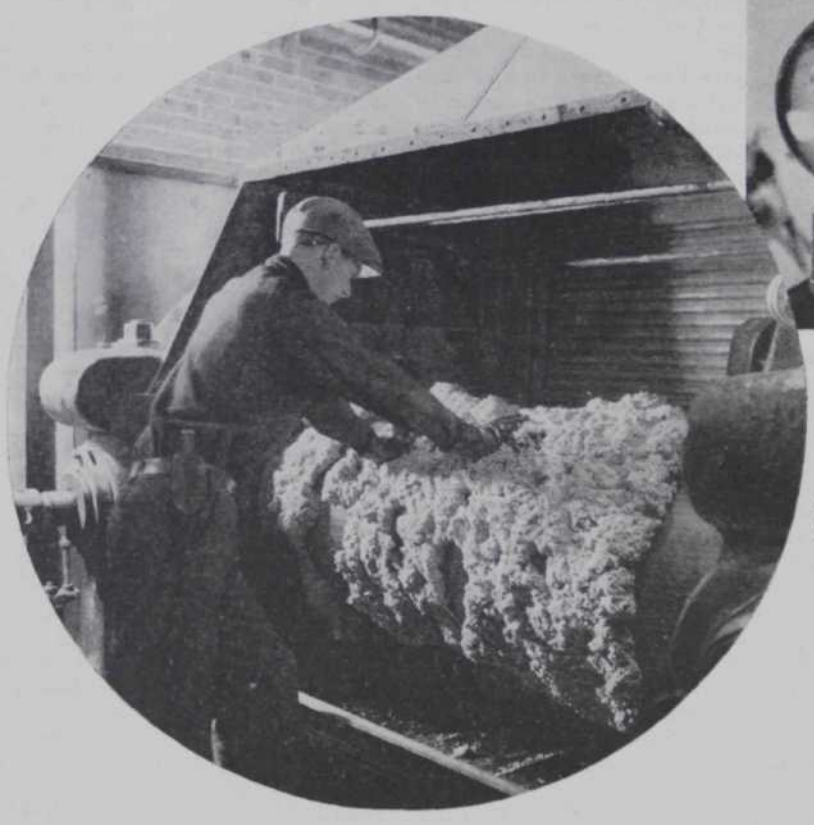


Swirling gases give a touch of drama as the chemist takes ammonia and alcohol from coal



DANA B. MERRILL

This sparkling, crystal clear ball was once a lump of coal



Add limestone and salt and coal becomes synthetic rubber

RECENTLY a group of scientists gathered in Washington to celebrate the hundredth birthday of the U. S. Patent Office.

On a dais, set off with velvet backdrop, were two large, ornamental spheres, sparkling with light as the glow from the room penetrated their hidden depths.

A guard stood by the table where they sat, because one of the two luminous balls was a fine specimen of rock crystal, valued at more than $50,000. Its companion was a plastic, made from coal with the aid of water and air, its worth only a few dollars. Yet no eye could tell which was nature's work, which was man's. The rock crystal was valuable because it was rare. The intrinsic worth of the plastic was far greater—because it was plentiful and because, through researches such as those which led to its development, may come the salvation of the American coal mining industry.

It is violating no confidence to report that, of late years, the wheel of fortune has favored neither mine operator nor miner.

Despite the fuel's importance in feeding electric power turbines, demand has steadily declined. The industry has sought means to find its way out of the darkness—more efficient operations, lower costs, marketing agreements. The federal Government, with the Bituminous Coal Commission, has attempted to bring about a semblance of order. But new competition has diminished the market.

Now a new hope gleams. A new and vigorous force has appeared

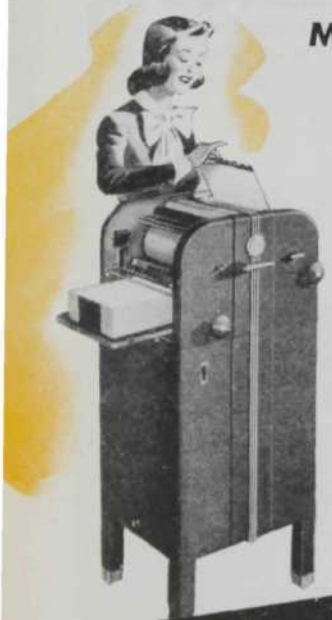
Scratch Pads





Costly business forms make mighty expensive scratch pads. Yet thousands of business organizations find no better way to salvage office and factory forms that have become obsolete. This salvage value is only a fraction of the original cost. Most of the cost becomes a complete loss chargeable to obsolescence.

Executives who suppose their expenditures for business forms are in the "pin money" bracket, find ample proof to the contrary when they analyze the yearly cost of all forms. A check-up on losses due to obsolescence alone is enlightening. And bear in mind that *obsolescence* is only *one of many* factors which combine to make the subject of business forms one that deserves careful attention in every business.



MULTIGRAPH ENDS OBSOLESCENCE—*Plus*

In the Multigraph line there is a machine that will do these things for you:

1. Provide the forms your business needs, in just the right *quantities, how* you want them, *when* you need them.
2. Eliminate the buying and storing of large quantities in order to obtain "long run" prices. (That's where obsolescence really starts.)
3. Eliminate the price penalty of "short runs."
4. Provide flexibility which enables you to design new forms and revise old forms without excessive cost.
5. Effect worthwhile savings at no sacrifice of quality.
6. Eliminate red tape in providing forms and communications for every department, where the need exists.

Regardless of the kind or quantity of business forms required, you can adopt Multigraph methods to immediate and permanent advantage. Discuss the matter with the nearest MULTIGRAPH SALES AGENCY . . . you will find it listed in principal city phone books. You'll be surprised to learn how many ways these methods can profitably serve you.

Multigraph **Multigraph Duplicator** **Multilith**

ADDRESSOGRAPH-MULTIGRAPH CORPORATION • *Cleveland, Ohio*

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, Ltd., TORONTO

which promises a widening use of coal. Although production of bituminous coal declined from 568,000,000 tons in 1920 to some 450,000,000 this year, the output of coal tar, the chemist's starting point, has climbed steadily. In 1920, coal tar production was 360,000,000 gallons. Last year it exceeded 560,000,000 gallons. This inverse ratio of coal production to the raw material of chemistry is seen as a hopeful index of the future.

Already chemistry has come a long way in pointing coal into new uses. Currently, for all chemical purposes, it is finding markets for some 50,000,000 tons, or better than ten per cent of the total. To what extent this can be increased, or how quickly, is unpredictable. Some chemists, however, predict that the day is not far off when it will become an offense against public policy to burn coal indiscriminately for heat, so valuable will it be as a chemical material.

Already coal, water and air, combining under pressure to form ammonia, have bred an entire new family of chemical products which includes plastics, anti-freeze for automobiles, industrial explosives, lacquer and alcohols. Coal tar produces an almost endless chain of chemical products the sales of which in the United States last year totaled $127,414,347.

Synthetic dyes from coal

THE making of dyes, enormously important to a nation which loves color, offers a picturesque example of the growth of coal as a bearer of chemicals. For many years, well into the present era, we depended on natural dyes, derived from vegetable or animal sources. Such dyes as saffron, sumac and indigo were common, yet they covered a limited range of hues and, in many cases, were not fast to light or washing. Many natural dyes had to be imported from Asia and Africa, making them expensive.

Today America has available from American factories a complete rainbow of bright, fast colors at a fraction of the cost once paid for inferior natural colors. The famous Tyrian purple, made from a shellfish found in the Mediterranean, was so expensive that its use became the symbol of royalty. Wool dyed with this exotic color once sold at $350 a pound. Today the chemist can make purple dyes from coal tar far exceeding in brilliance the favorite of the ancients, at a cost of only a few cents a yard. The dye in a whole suit of clothes costs less than 50 cents.

The rainbow which hides its light in the hard black lump of coal does not emerge magically. None of the important final results exist ready made.

What is present in coal is a large, miscellaneous collection of chemical compounds which are subject to wide transformation. Only endless research and brilliant cooperative efforts have made possible the silk purse from the sow's ear.

This work had been going on continually since 1856 when Chemist William Perkin discovered the first synthetic dye, mauve, while he was trying to make quinine. It reached a crisis in this country in the World War, when the blockade of German dyes brought fears that America would become a nation in white. Thus was cradled the American dyestuffs industry. Vast outlays in research and experiment were needed to make the coal tar bases yield up their secrets. One of the largest dye makers, E. I. du Pont de Nemours & Company, invested more than $43,000,000 and 18 years of work in dyes before earnings equaled the accumulated losses sustained in learning how to make them.

The methods, once understood, are relatively simple. When coal is heated, as in making coke, one of the formerly useless substances which results is the sticky, evil-smelling substance called coal tar. In this disagreeable mass, when distilled, are various carbon compounds. These are converted into somewhat more complex materials known technically as intermediates, and are used as raw materials for further chemical elaboration.

The intermediate known as toluene, for example, produces a whole group of dyes, further intermediates for still more dyes and chemicals which, when worked in with rubber, do much to



AKRON STUDIOS

Coal tar dyes on printed fabrics replace natural dyes



Both as fertilizer and as insecticide, coal helps guard against food shortage

BIG BUSINESS — NO. 10



The Cost of Creating a Job

IT costs more today than ever before to equip a worker for his job. The capital investment per worker in all manufacturing industry was only $1,900 in 1899. By 1914, it had increased to $3,200 per worker. In 1935, it stood at $7,600. In many industries the investment per worker is much higher than this average. In the steel industry, for instance, the figure is $11,500. In the railroad industry, the capital investment is $26,000 per worker. In the electric utility industry, $47,000 per worker.

If business and employment are to expand and progress, new capital must be invested. It takes money to create new jobs. Moreover, even existing industrial equipment wears out and must be renewed. Often it becomes obsolete and must be replaced. And as old industries die, they must be succeeded by new ones, else our entire economy will stagnate. 18 new industries, born since 1880, today account for the employment, directly or indirectly, of 1 out of every 4 people now at work in the United States.

Labor should have as much interest as business men in seeing that the flow of new capital into American industry is renewed for the benefit of all.

As bankers for commercial and industrial enterprises, it is part of our responsibility to contribute something to a better understanding of the facts about private business.

BANK OF NEW YORK

48 *Wall Street — New York*

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET

New York's First Bank *Founded in* 1784

Copyright 1938—Bank of N. Y.



FIRE AND CRIME THREATEN

WHEN you close the door of your plant at night how do you know but that a smouldering cigarette might be threatening your business—that a door carelessly left ajar might even then be tempting sneak thieves?

FIRE AND CRIME are no respecters of property, but they strike the unguarded plant most often. Against these hazards to profit, a vigilant watchman is the best protection any plant can have.

BUT A WATCHMAN insures protection only if he makes his regular rounds. A supervisory system, then, to check the watchman is as important as the watchman himself.

A DETEX WATCHCLOCK is the simplest, most economical supervisory system. Used by your watchman it leaves a permanent record of the exact time every part of your plant was visited—gives positive assurance that the watchman was really vigilant in the protection of your property. The efficiency of this system is testified to by the 80,000 Detex Watchclocks in daily operation serving industry.



FREE information will be sent you on request giving full details on a system designed to suit your needs.

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WATCHMEN'S CLOCKS
NEWMAN ★ ECO ★ ALERT ★ PATROL

increase the life of the automobile tire. When treated with nitric acid, toluene becomes perhaps the most famous of high explosives, T.N.T.; by another process it completely divorces such formidable characteristics and ends up as the little saccharine pellets with which stout ladies satisfy their craving for sweets without obesity.

No less Jekyll-Hydes are the other intermediates. Benzol is the patriarch of a large and prodigious clan of coal tar colors. It is the primitive parent of aniline, itself a highly important sire. Aniline is an oil with no color and little odor yet further transformations bring about a great variety of colors and perfumes. It forms the base for indigo, the most widely used textile color today, and one of the first synthetic dyes to gain commercial significance.

Aniline is also highly poisonous but, by proper manipulation, it becomes the father of many beneficent medicines. An odor of great commercial importance is nitrobenzene, from which aniline is directly derived. Benzene is chlorinated to make chlorobenzene. From this arises an entirely new group of chemicals including a moth repellent, a photographic developer, a half dozen dyes, intermediates for still more dyes, several sulphur colors, and the potent explosive, picric acid, which also forms the base of still more dyes. This list grows constantly as research goes forward.

Probably no more important chapter exists in the chemical utilization of coal than that which deals with its combination with air and water. This process, which began as a means of providing a synthetic source of nitrogen for fertilizer, has experienced a mushroom development. At the Belle, W. Va., plant of the du Pont Company, which undertook the nitrogen fixation process a few years ago, more than 80 different products have since emerged.

Nitrates were vital

THE method for taking nitrogen from the air was developed in response to a pressing need. The world depended for nitrogen upon a limited natural supply in Chile. Nitrates are indispensable in the manufacture of a large number of products—plastics, explosives and many others, but their most vital sphere is the soil itself. Plants will not grow without it. In the Nineteenth Century, the doubling of the world population aroused fears that a great famine might result from the lack of sufficient nitrogen.

Coal, joining with air and water, has banished this dread for all time.

The root of this ever-spreading tree is ammonia—hydrogen from water, nitrogen from the air and coal brought into union under high pressure. From the ammonia root the branches push out in every direction. Ammonia changing from a liquid to a gas absorbs heat, lowers the temperature and provides refrigeration. Yet the same coal, water and air, which started out to make ammonia, can change their course and become an antifreeze.

Synthetic urea which starts with the same three components, coal, air and water, also finds many jobs to do. Urea-formaldehyde resins form some of the most useful plastics and are now invading the territory of paints and finishes.

Although the malleable materials which are grouped under the general term "plastics" have come to have enormous importance, chemists and industrialists know that "the plastic age" has scarcely begun. And in this field, coal is finding new outlets every year. Nearly all of the leading plastics are in some way coal derivatives. The clear methacrylate resins spring from methanol, an offshoot of the synthetic ammonia process. Bakelite, one of the earliest, is based on phenol, or carbolic acid, one of the coal tar by-products.

Chemistry helps everybody

CHEMISTRY, particularly that dealing with plastics, is a powerful agent of democracy. Once only the wealthy could own rock crystal, jade, amber and other semi-precious materials. The chemist now makes them available for everyone, and for hundreds of humble purposes.

Coal is catholic in the company it keeps. Where, with air and water, it is building one long chain of useful products, it also combines with limestone and salt to form neoprene—rubber that never knew a tree. Neoprene is frequently called synthetic rubber, but the designation is incorrect; it is a man-made substance, with most of the properties of rubber, and in addition, a number of qualities which the natural product does not have. It resists oil and grease, can withstand sunlight to a much greater degree and age does not wither its strength or appearance. Although chemists hesitate to predict that it will ever replace natural rubber for use as automobile tires, except in emergency, it is already being used in gasoline hose, printing rollers, belting, electrical wires and cables.

In the war on disease the chemist has joined forces with the physician and again coal is the instrument. The chemist's contributions to the healing art have been notable: improved anesthetics such as the novocaine which eases the dental ordeal; the aspirin that we take for headaches; drugs for allaying fever such as acetanilide and synthetic urea which has recently shown promise in the medical field.

One of the first and certainly the most famous of medicinals based on coal was salvarsan, determined by Ehrlich, the German chemist, as the specific for syphilis. Chemical research within recent times is credited with reducing the price of this synthetic drug from $3.50 to 20 cents a dose.

Not long ago a little girl was stricken with the dread streptococcus. Her parents were frantic, because, only three years before, another of their children had been similarly attacked, and had suffered much pain and undergone a number of operations. They were surprised to find the physicians viewing the second case calmly.

"Now we have the serum," the doctor told them. "You have no cause for alarm."

The serum was sulphanilamide, actually a first cousin to the synthetic dyestuffs and, like them, a coal derivative. While the medical profession has issued

stern warnings against the "cure-all" use of this drug, it has come to play a large part in treating many diseases, including streptococcus, peritonitis, "blood poisoning," childbirth fever and lately in effectively combatting venereal disease. Sulphanilamide, a minor item in 1936, last year showed sales of 267,104 pounds, valued at $1,322,412.

Synthetic urea, now made on a large scale from ammonia and carbon dioxide (again coal in fancy dress) is performing therapy which has puzzled physicians for years. Back in the days of the Napoleonic Wars it was noted that wounds which became infected with maggots healed quickly without gangrene infection. During the World War, it was noted that with this repulsive insect physicians did wonders in treating infected bone injuries and other seriously infected wounds. In 1935, the scientific explanation of this phenomenon was discovered: the maggot was functioning as a generator of urea, and this substance was responsible for the healing action. As a result of this work, physicians are putting the synthetic urea to use in treating stubborn wounds, ulcers, gangrene, bone diseases, and other troubles.

Research designed to find more and more uses goes on constantly. The production of liquid fuels and oils from coal is well on its way to success. The recovery of sulphur from smoke-stacks is another. In a thousand laboratories the black gold of another era is being subjected to the most searching investigation, seeking out the even richer possibilities of the chemical age.

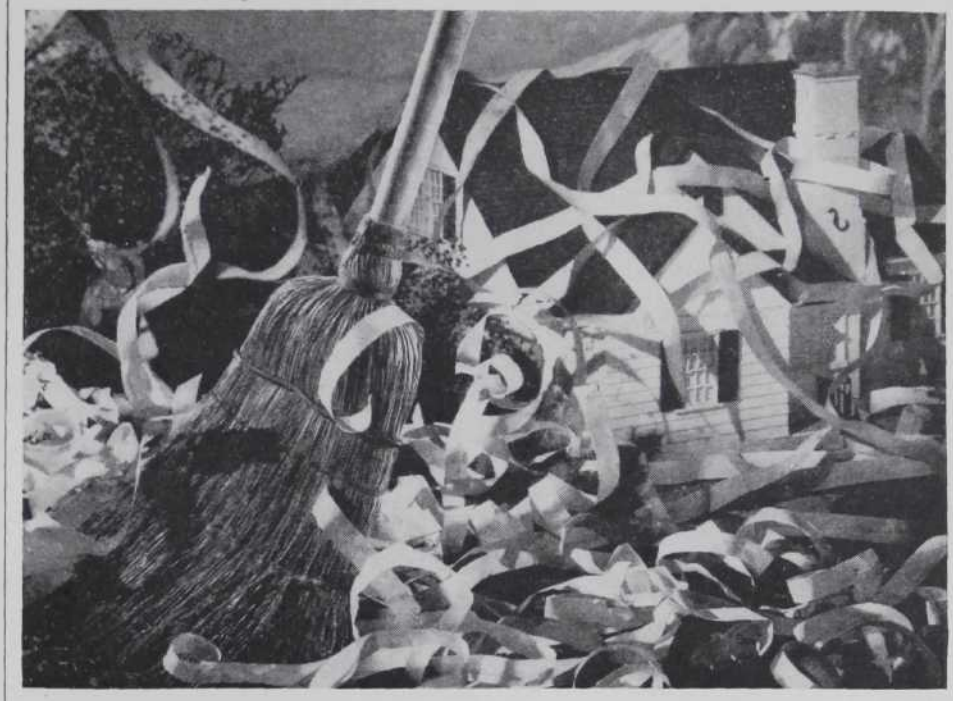
Each new product means new plants, new equipment, new jobs, new pay rolls.

So the coal industry has already ample justification for seeing a literal rainbow in the chemical uses of its wares. Each year the horizon broadens, and it is hoped that the new avenues will be even more well paved than the old. New methods have come, new markets have been created. The blind mine mule of former years has been retired to green pastures; his owners believe that in the panorama of this changing scene they, too, will find their way out of the dusk into the sunlight.

More Credit, More Purchases

WANAMAKER'S New York store has expanded the use of credit as a sales stimulant in its new Revolving Credit Plan. A customer arranges for, say, $200 credit. At the end of one month he pays one-fourth of his balance, or $50. He is then entitled to buy additional merchandise on his account up to the amount of his payment. Next month and each month thereafter, as long as the stipulated payments are made, he may do likewise. Theoretically the original balance always remains unpaid, invested by the store but yielding a return in increased velocity of turnover.

Sweep away RED TAPE



Finance Home Loans at Home

GET better service on home loans —leave out red tape, delays and disappointment—have money released sooner!

Finance home loans *at home* through a *local* institution that fosters savings and lending to encourage home building!

Your *local* Savings or Building and Loan Association is that source. We use a "thrift for building" plan that lends two and one-half million dollars a day on American homes — that represented 55.82% of America's small homes in 1937 which were financed by institutional lenders.

Nearly 110 years ago the first amortized home loan plan was introduced in America by our type of institution. And home owners who have built new homes, bought existing ones, refinanced property and modernized have enjoyed the benefits of this home financing service all these years.

Check these home financing advantages offered by your *local* Savings or Building and Loan Association. Then you'll be glad to use our services—where home dollars are invested at home to help local business and make local jobs!

1. Fast service—no red tape
2. Convenient service—easy to understand
3. Friendly service—deal with neighbors
4. Long term loans—repaid like rent

For a sound, efficient, friendly source of home financing, we offer our services for your consideration. We are waiting to help you!

See members of the United States Building and Loan League (333 North Michigan Avenue, Chicago), for sound financing for home building, buying, modernizing or refinancing.

Your Local

SAVINGS OR BUILDING AND LOAN ASSOCIATION

When You Support Your Local Savings or Building and Loan Association—You Help Local Business

Scanning the Business Horizon . . .

Table talk of the month in the marts of trade

"I Bought It Wholesale"

RETAILERS complain that the "wholesale discount" evil continues to thrive. It feeds on an almost universal human vanity—the buyer's desire to shine among his friends as a good picker of bargains.

The National Retail Furniture Association is taking up the cudgels for the legitimate retailer who suffers by this practice. This problem it seems has two entirely



distinct aspects. One is the "gyp" wholesaler who, by various means, entices gullible buyers into his showrooms and sells them goods at fake "wholesale" prices, generally higher than they would pay for equivalent quality in a regular store.

Many of these concerns still survive in spite of Better Business Bureaus, the Federal Trade Commission and other policing agencies. It developed recently that several such houses are using the same catalog, selling both by mail and direct. In some instances they offer national brands of merchandise. When a buyer asks for these items they have various subterfuges for selling him something else. One is to urge a substitute by explaining confidentially that the model advertised is really an inferior lot which the manufacturer has closed out.

The other form of "wholesale" buying by consumers is the practice of company purchasing agents buying for employees at actual quantity or wholesale prices paid by the company for its own supplies. This custom is said to be widespread, even among some manufacturers who depend almost entirely on the regular retail channels for the distribution of their own products. A wide range of goods is affected; furniture, radios, tires, apparel, fuel, typewriters—the list is astonishing in its variety.

Retailers and legitimate wholesalers point out that this is a mistaken personnel policy, socialistic and paternalistic in its implications. When this point of view and the damaging effect on the established system of distribution were called to their attention, a number of well-known companies abandoned the practice. Its correction is treated as a process of education in give and take.

But the other aspect represented by surreptitious factory competition, retailers posing as wholesalers, and the "wholesale racket" under the lamb's skin of consumer cooperatives, is being attacked as outside the pale of recognized business. It preys on the consumer as well as taking the retailer's bread and butter.

Hot Dogs in the Raw

FOR ten years the Mellon Institute for Industrial Research worked on a sausage fellowship, seeking a substitute for the animal intestines used as casings for frankfurters and wieners. The idea of a skinless sausage belonged to E. O. Freund, a salesman, who had established the fellowship. When science finally found the formula for a cellulose casing into which meat could be molded so that it would retain its wiener shape after the synthetic skin is removed, Mr. Freund knew he had something.

That was back in 1926. Now the amount of sausage gut, chiefly imported from China, Australia and South America, is greatly reduced while sausage consumption is increasing. Many Americans have been taught by Mr. Freund's Visking Corporation to take their hot dogs in the undress.

With distribution in 99 per cent of outlets, Visking Corporation is turning its attention to promoting the sausage business as a whole. In spite of vegetarian propaganda, the average American consumes annually 12 pounds of sausage



from among the 80 varieties available. Sounds impressive, but wait till you hear about Germany. There they have 1,700 varieties and eat 23 pounds a year *per capita*.

Hurricane Aftermath

FOLLOWING the Atlantic Coast hurricane, when half of the New England apple crop lay on the ground and farmers were laboring day and night to get it marketed, the chain stores did their bit to help. A. & P. and First National Stores advertised apples in the Boston newspapers. Their plea to consumers to "put apples first on your shopping list" helped break the market jam that resulted. The Massachusetts Development and Industrial Commission also lent a hand.

King Cotton Deposed

"CHEMURGY" is a word you probably won't find in your dictionary but, if the Mississippi Industrial Commission has its way, the omission is likely to be corrected in later editions. Mississippians are doing some horn-tooting in northern newspapers and national magazines just now about what the state offers to industry. They picture it as the realm of King Chemurgy.

The king has a test-tube body with plow-point feet. Invariably he is snapped with a magic pitchfork in his hand, turning sweet potatoes into starch, trees into lingerie, pine logs into newspapers, or



some other transformation of science that carries farm and forest products through the factory. King Chemurgy is toasted as the successor to deposed King Cotton.

Frosted Foods Growing

AN IMPORTANT off-shoot of modern refrigeration is the frosted food idea. By defeating the natural processes of deterioration in perishable foods it has opened up a great potentiality in distribution.

Members of the National Food Distributors Association at their recent convention in Cleveland talked about the need of a Frosted Foods Institute to sponsor educational advertising and find more outlets for these products. Wagon jobbers were held to be the best means of getting distribution.

The Birds Eye brand was introduced in 100 stores in 1931 and now has some 3,000 outlets.

Chain Tug-of-War Starts

ADVERTISING men are still talking about the Hartford brothers' ad stating the case for the A. & P. stores against Rep. Wright Patman's proposal to abolish interstate chain stores by law. It was the sensation of the year in the advertising world and, according to commentators, may have set a new style in straight-from-the-shoulder, unadorned copy-writing. A. & P. went into 1,300 newspapers with the story and plan to tell it in 60 farm papers.

Independent grocers in various sec-

tions have answered the Hartfords, charging monopolistic practices by the chains. Even stronger in their opposition to chains are the retail druggists. The question is argued in every business forum. Consumers, too, are lining up behind their favorite type of store, either to plug the Patman bill or to fight to a finish.

* * *

The makers of Pluto Water have found that the dignified name of "asthenia" is too hard to put over with the public, and probably will go back to plain "constipation" in their advertising, according to an expression by an executive of the French Lick Springs Hotel Company at the recent national convention of druggists.

—FRED DEARMOND

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933, of Nation's Business, published monthly at Greenwich, Connecticut and Washington, D. C. for October 1, 1938.

City of Washington, County of District of Columbia, ss. Before me, a Notary Public in and for the State and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of the Nation's Business and that the following is to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, Chamber of Commerce of the United States of America, Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, Raymond Willoughby, Washington, D. C.; Business Manager, Lawrence F. Hurley, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows: President: George H. Davis, President, Davis-Noland-Merrill Grain Company, Kansas City, Mo. Vice Presidents: W. Gibson Carey, Jr., President, Yale & Towne Manufacturing Co., Chrysler Bldg., New York; Fred H. Clausen, President, Van Brunt Manufacturing Company, Horicon, Wis.; Joseph W. Evans, Evans and Company, Cotton Exchange Building, Houston, Texas; Clem D. Johnston, President, Roanoke Public Warehouse, 369 W. Salem Avenue, Roanoke, Va.; James S. Kemper, President, Lumbermen's Mutual Casualty Company, 4750 Sheridan Road, Chicago; W. C. Mullendore, Executive Vice President, Southern California Edison Company, Los Angeles. Chairman Executive Committee: John W. O'Leary, Chamber of Commerce of the U. S. A., Washington. Treasurer: Robert V. Fleming, President and Chairman of Board, Riggs National Bank, Washington. Acting Secretary: Ralph Bradford, Chamber of Commerce of the U. S. A., 1615 H St., N.W., Washington.

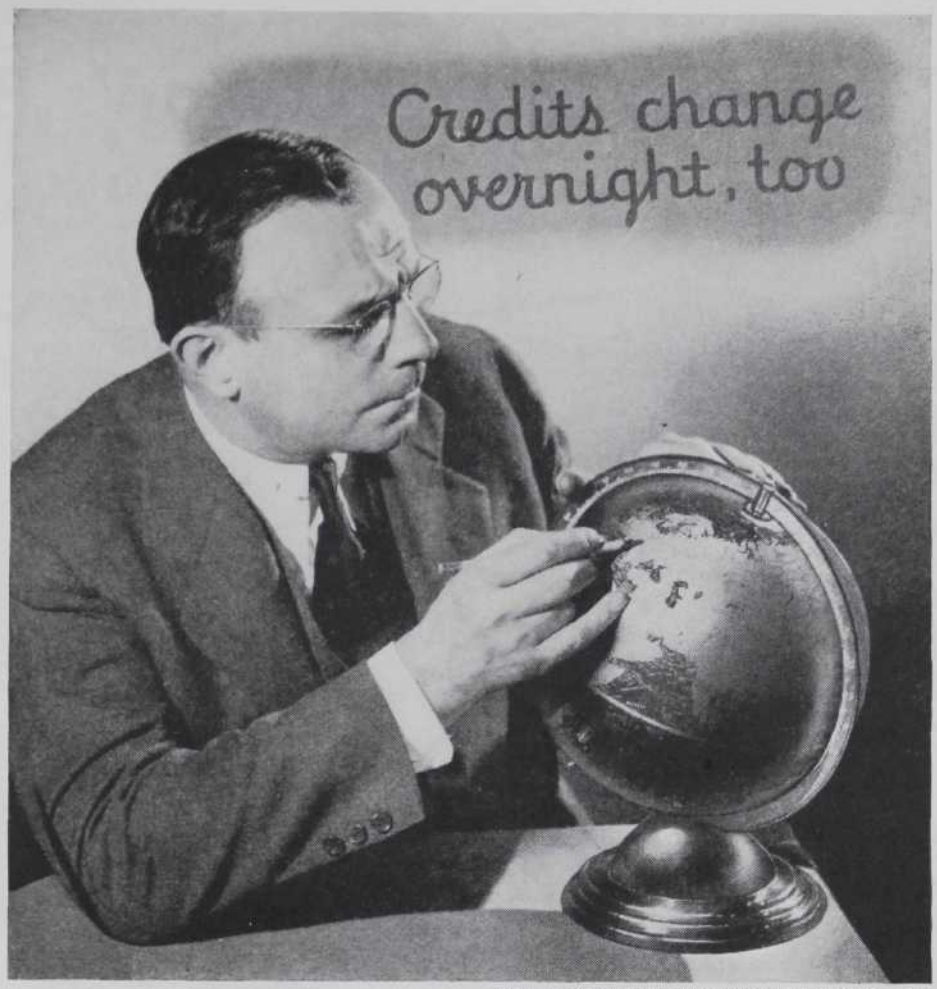
3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE
Signature of Editor

Sworn to and subscribed before me this 7th day of Oct., 1938.

WALTER HARTLEY
(Seal)
Notary Public, District of Columbia
(My commission expires Sept. 1, 1942.)



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The Map of the Nation's Business

By FRANK GREENE



Business Conditions as of November 1 compared with the same month last year

OCTOBER industrial activity continued to show improvement, led by automobile and steel mill operations, the latter reaching 56 per cent of capacity. Employment and wages rose generally, especially in durable goods lines, while electric output reached the year's peak.

Building was active and materials were firm with volume high, while engineering awards reached highest October levels since 1929. Security prices and sales volume were the highest in 12 months.

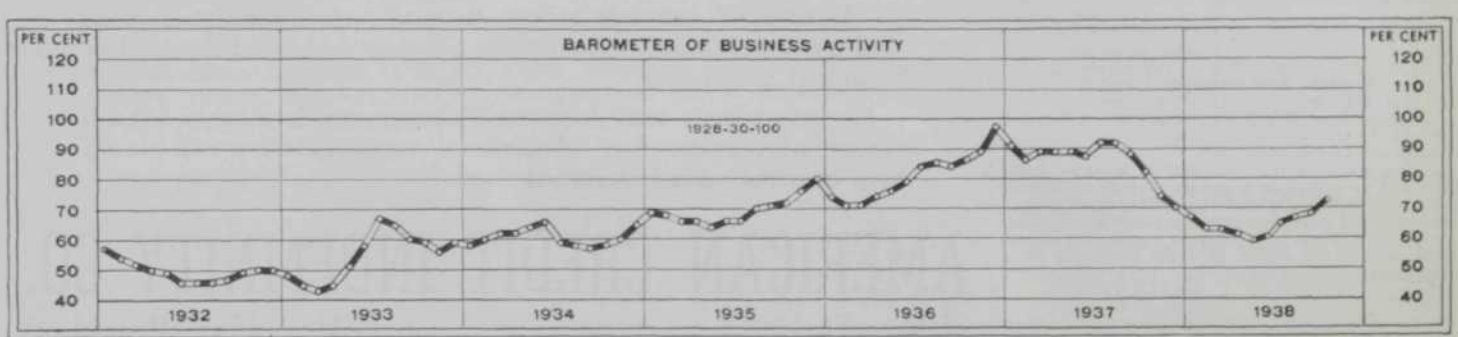
Railroad revenues improved, helped by gains in carloadings. Agriculture prices declined due to heavy surpluses. Nonferrous metals held recent gains. Wholesale and retail trade was affected by unseasonably warm weather.

Business failures were 22 per cent above October, 1937, while bank clearings fell three per cent and bank debits nine per cent from a year ago.

Notable improvement is shown in the storm stricken areas of New England, also in some sections of the eastern South



The map of last month



A more pronounced upward movement was visible in October, which lifted the current level of the Business Activity chart line to the highest in 12 months

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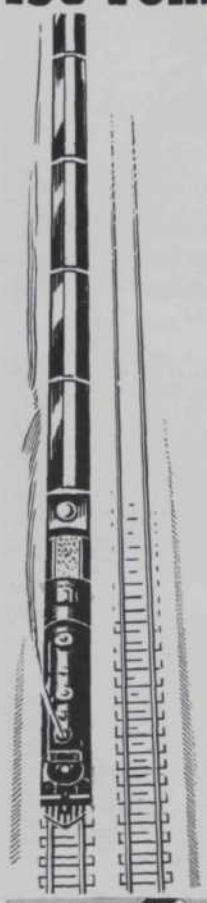
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THE HEAVY DUTY RAILROAD

Why Cheer for Social Security?

(Continued from page 16)

Both the monthly minimum of $10 and the maximum of $85 established in the law are meaningless for wage-earners. Nowhere in the United States can the minimum support any entirely dependent person. That few working men and women in industry today will receive the $85 monthly annuity is obvious since it can go only to those who earned at least $3,000 every year for 43 years. When monthly benefits fall due in 1942, the majority of workers, whose earnings now average even less than $1,200 a year, will obtain about $15 a month.

Is jubilation more justified in the case of the unemployment insurance program? Let us see:

Employers have been paying taxes to both the state and federal governments for unemployment insurance since January, 1936. These payments began with one per cent of the total pay rolls in 1936 and rose to three per cent in 1938. Despite these contributions and the interval of two and one-half years, benefits to workers by the middle of last August began in only 27 states and the District of Columbia. These state programs are so entangled in red tape and administrative difficulties that no clear picture of their actual achievements is available. No one, for example, knows such elementary facts as the number of people who actually benefited from these systems, what benefits they received and for how long.

Meaningless reports

THE Social Security Board's monthly reports on benefit checks are meaningless since the number of checks distributed each month does not represent the number of individuals benefiting. The federal reports on the average check are totally deceptive.

Thus, for example, the Board reported in its August *Social Security Bulletin* that, in June, 1938, Alabama issued 102,000 benefit checks totalling $795,000 for total unemployment. The average check would thus be $7.80. The same table, however, shows that, while 6,917 of the highest checks, or less than seven per cent of the total, amounted to $103,759, 21,316 checks below $5 each, or more than 20 per cent of the total, aggregated only $70,000.

Similarly in Wisconsin, while $223,000 was paid out in 14,866 checks of $15 each, 36,239 other checks, or more than half of all the unemployment checks issued that month, totalled only $279,600.

Even more striking are the figures for California, where 38,807 of the biggest checks totalled $582,000 while 36,038 checks up to $7 totalled only $136,000. (It is worth noting that the September *Bulletin* omits the tables showing the amounts paid in the various check classifications.)

The American Association for Social Security gathered the only data which

presented a more adequate picture of the actual conditions at the time of the third anniversary. On the basis of information for the first quarter of 1938 collected through a direct questionnaire to the 21 states which began benefit payments early this year, the Association concluded:

The evidence is sufficient to indicate . . . that these laws are not succeeding in providing even as little protection as the totally inadequate home relief. This is plain both from the number of beneficiaries and from the total expenditures made between January 1 and March 31, 1938. . . . Most significant in terms of providing security during unemployment is the amount spent on these beneficiaries during the three-month period. The 16 states spent but $42,641,627 on their 919,500 beneficiaries—an average payment of $46.37 for the entire quarter, or $15.46 a month. . . .

This was, then, the achievement of unemployment insurance in the first quarter of 1938—an average of $15.46 a month granted to a qualified unemployed person regardless of whether he was single or had many dependents! And this average grant followed the high employment and wage levels which characterized most of 1937! This was all that resulted after two years' collection of taxes under the most intricate and costly systems of unemployment insurance, presumably set up to lift aid to the unemployed above relief.

The negligible effect of unemployment insurance benefits on relief expenditures in the first half of 1938 supports the Association's findings. Not only has the relief burden this year increased throughout the nation but, after a few months' experience, the workers became so keenly conscious of the inadequacy of the unemployment insurance systems that most of them preferred to stay on relief or W.P.A. rather than apply for the unemployment insurance benefits to which they were entitled.

Social Security Board officials admit that the unemployment insurance systems are having a hard struggle in competing for clients with W.P.A. Indeed, soon after applications for benefits began under the Michigan system last July, Frank A. Picard, chairman of the state's Unemployment Compensation Commission, gave the following frank advice to the workers:

The Unemployment Compensation Commission at this time cannot too strongly advise W.P.A. workers against leaving their employment for the purpose of filing claims.

The evidence is conclusive that the benefits provided by our elaborate unemployment insurance systems have had hardly any effect on the burden of relief. Out of a monthly average of 327,600 relief recipients in New York State in the five-month period between February and July, 1938, only 17,304 cases, or 5.3 per cent, were closed because of unemployment insurance. According to the August *Bulletin* of the Social Security Board, only three per cent of the relief cases in the entire state of Pennsylvania were closed in the April-June quarter because of unemployment benefits. In Milwaukee they represented about one per cent, while in New York City they amounted to only one-half

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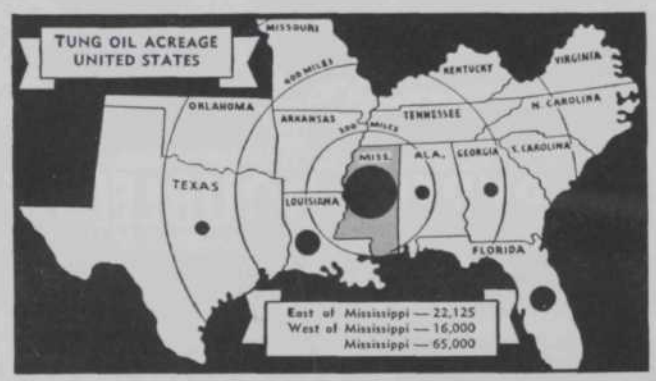
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of one per cent in the same period.

While the actual achievements of the old age and unemployment insurance systems thus hardly warrant jubilation, the continuing economic dislocation caused by the financing method of the Act is so important to national welfare that we must face the issue without delay. Because, in spite of the meager benefits, the social security taxes withdrew such huge sums from purchasing power that a serious decline in the well-being of the entire nation has set in. The story here is indeed astonishing:

While the United States Treasury up to the end of June, 1938, had paid back less than $5,500,000 to the lump-sum recipients, it had collected from workers and employers for old age insurance $708,892,000, according to the reports of the Social Security Board. Similarly, $1,060,000,000 in taxes on employers and in some cases on workers had been placed in the Federal Trust Fund for unemployment insurance. Out of this huge reserve, the states had withdrawn about $197,000,000 for benefit payments leaving a balance which, with interest, totalled $881,868,000.

Reduced purchasing power

SINCE workers' contributions directly reduce their spending power and pay roll taxes are generally included in the price of goods, this means that $130 of sorely needed purchasing power was withdrawn from consumption for every dollar spent in paying lump-sum benefits, while more than $5 was withdrawn for every dollar paid in unemployment insurance benefits.

In addition, the federal Government had also collected by July 1 of this year $148,000,000 in federal unemployment insurance taxes, of which up to that date it paid out to the states for administration only approximately $52,000,000 leaving a balance of $96,000,000 in the federal Treasury. Under the Railroad Retirement Act, more than $150,000,000 was obtained up to June 30, 1938, and only $80,000,000 spent on benefits, netting an additional balance of $70,000,000.

In other words, from January 1, 1936, to June 30, 1938, the Government collected in social security taxes approximately $2,067,000,000 and paid out in insurance benefits only about $282,000,000, thus withdrawing from the workers' buying power about $1,785,000,000.

The reduction in purchasing power may be gauged by the old age insurance taxes alone. In a year and a half these taxes withdrew from the stream of purchasing power $80,000,000 more than was paid out under the Social Security Act's grants-in-aid provisions together with all the benefit payments under the old age and unemployment insurance systems!

Government figures on the conditions of the country show that national insecurity has deepened since these huge withdrawals began. Thus, according to the Bureau of Labor Statistics, the index of employment, which stood at 94.0 in December, 1935, the last month before the Social Security Act came into effect, dropped to 81.6 in June, 1938. In

December, 1935, the Bureau estimated that 7,416,800 wage-earners were employed in manufacturing industries; the estimate for June, 1938, was 6,438,700, a decline of approximately 13 per cent, in the number of employed workers.

A comparison of indices for July, 1938, the month preceding the social security third birthday celebration, with those of July, 1936, when the social security taxes hardly began to be felt, published by the Bureau of Domestic Commerce of the United States Department of Commerce in its "Survey of Current Business" for September, 1938, shows the following downward trends:

The index of industrial production dropped from 108 to 83. Factory employment declined from 92.8 to 77.6. The factory pay roll index fell from 80.2 to 67.5. The freight car loading index dropped from 76 to 61. Despite increased wage scales, the average weekly earnings dropped from $24.20 to $23.93. At the same time the cost of living index rose from 85.2 to 86.5.

Indeed, the two years' operation of the Social Security Act not only brought no gain in a single worker's standard but conditions became worse for all classes of society—the merchants, the farmers and the investors as well. Thus, according to the same official source, between July, 1936, and July, 1938, the department store sales index dropped from 91 to 85, farm prices fell from 115 to 95, the dividend rate for investors declined from an average of $1.58 to $1.39, while listed bonds on the New York Stock Exchange dropped from $98.19 to $93.22, and the stock price index 109.2 to 88. A League of Nations report also showed that, in resisting the depression, the United States, despite its Social Security Act, was in a worse condition than the 22 countries studied.

Purchasing power and taxes

THAT these conditions are closely related to the decrease in purchasing power resulting from regressive taxes, New Dealers should be the last to deny. For a number of years, the Administration has been maintaining that increasing the purchasing power of the masses by governmental spending is the best way to stimulate recovery. Can it consistently argue that recovery remains unhampered when the Government does the contrary and unnecessarily withdraws large sums from mass buying power?

Indeed, the repeated glib assurances of the Administration have fooled no one, least of all the aged and the unemployed. The pity is that the disillusionment which has set in is bringing forth a most fantastic wave of pension lunacies. There is the greatest danger that Congress, in trying to appease the promoters of pension Utopias, may merely attempt to compete with them, thereby plunging the country into financial chaos. Only a national demand for the constructive revision of the present Act may alleviate the dangers. The Social Security Act can and must be so amended as to convert it into a measure which will not only adequately meet the pressing needs of those for whom it was devised but also promote the welfare of the nation as a whole.



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Underwood
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New Headaches For The New Congress

(Continued from page 19)

was hunched onward from time to time by the Army shooting a few Indians but, as soon as the red enemy was pushed back on his lot, Congress forgot about the Army. The World War taught the Army many things. Congress is a fairly bright body, too, and it learned that, although William J. Bryan was right in saying that "if this country were endangered a million men would spring to arms overnight," it was vitally necessary to have a place to which they could spring.

As long as it seemed that Europe could not go to war again because, under the Johnson Act, no money could be borrowed from us, Congress was content to let the powder decay in the magazines. But when it became apparent that some day some one might miss a cue in Europe, the Army was permitted to make a few preparations. The General Staff forgot all about the 40 hour week. Much of what was done is secret stuff;

Maybe the spies know it. Believe it or not, there are plenty of them. But we do not think they know anything that can hurt.

Four bottlenecks were found through which the nation's power would gurgle if the United States were to be forced into war. They were opened up. In the event of another war we could get into action at a speed incredible to those who remember 1917. The bottlenecks were uncorked like this:

1. Through the scattering of "educational orders" manufacturers would be able to supply the Army's physical requirements as rapidly as they could be assimilated during the early period. There would be no distressing halt while plans were drawn and tools made.

2. Skilled aviation mechanics have been found and others trained. Merely good automobile mechanics will not do.

3. A plan is being worked out for coordinating the big city electric plants in the manufacturing areas. This is, incidentally, precisely the plan that Sen. George W. Norris has fought for years as a "power pool." Utility companies have been given the most practical encouragement to do what is necessary to make sure of a sufficient reserve of power against either war demands or industrial expansion.

4. This bottleneck has to do with material and transportation. Reserves of the raw materials which might be needed have been arranged. Congress will be asked for $142,000,000 for this purpose, perhaps more. It is positively known that, if war came, truck transportation would be insufficient. It follows that the railroads must be restored to their normal efficiency. The troubles of 20 years ago have not been forgotten, and the roads' present weaknesses have been carefully studied. A plan is now in the formative stage. Railroad labor troubles have not been forgotten.

We have incomparably the best anti-aircraft gun in the world. But we have not enough of it to be a real defense, when it is considered that an enemy naval victory would certainly result in the launching of an air fleet against our larger metropolitan centers. Our planes are superior, so far as known, to anything in Europe, but again are too few. The Army is nearing its goal of 2,320 modern planes. However, the delivery of only 700 planes annually hardly compares with Germany's 400 planes a month, and with the announced plans of France and Great Britain to reach a similar total of production. Our heavy bombers, the Flying Fortresses, are believed to be the best of the type in the world and the new policy of two crews to a ship in fact more than doubles the number of effective ships. Our tanks and motor equipment are short. Increased efficiency is sought by the rigid standardization of motors and parts.

A stronger army planned

FUNDS for the establishment of six new air bases will be asked, including—perhaps—one in Alaska. Only 8,000 additional regular army troops will be asked, in accordance with the American policy of using the Army primarily as a nucleus for training. The Army will ask that the National Guard be strengthened and more reserve officers trained. Laws have been formulated which, if passed, would give the Government full powers to put the country on a war footing, with virtually every one assigned to a place in the scheme. If the 2,000,000 young men who have passed through the C.C.C. are included, at least 3,000,000 young Americans have received some slight training in military discipline.

Navy had a desk job this summer. The Seventy-fifth Congress authorized it to build up to a total of 20 per cent above the limit fixed by the Three Power Treaty before Japan tore up that document, and 334,240 tons are now being built or planned. This includes four battleships. Two more battleships will be asked. This probably means that three ships must be built in private yards. Naval expansion is slow, because no private yard can afford to invest in the ways and tools required for battleship building unless assured of a contract. This forces an unfortunate time-lag. The Navy at present is second only to Great Britain but it could not be completely modernized in less than ten years. As the new ships came into being the older ones would be de-commissioned.

Navy's summer job has been to prepare plans for the expansion to come. The immediate needs may be summarized as follows:

1. Building a drydock and the largest floating dock in the world at Pearl Harbor, Hawaii.

2. Modernization of five battleships, six submarines, and the aircraft carriers, *Lexington* and *Saratoga*.

3. Civilian training for naval service along the lines followed by the Army in the R.O.T.C. camps and other activities.

4. Legislation permitting prompt action in procurement, etc., in time of need.

Navy is quite as much interested in the inter-city power project and the railroads as is Army. Approximately $500,000,000, perhaps more, will be asked in addition to the $1,160,000,000 being spent this year. If Europe shows no signs of attaining a reasonable permanent peace, this estimate may be increased. Navy points out that we have two long and vulnerable shore lines, and a weak Panama link to defend.

State has done two important things recently. The more immediate is in the establishment of a new Division of Communications, which will have control not merely of wires, cables, mails, radio and television, on land and sea, but will have authority over the communications means of the other departments in time of need. In peace this merely means better coordination and mutual understanding between departments that are likely to quarrel at times over trifles.

In addition a news service between the Department and its diplomatic and consular officials abroad has been created, by which these officers are to be kept abreast of all the things they should know about at home and, in return, keep the Department up to date on happenings elsewhere.

The second important State activity is the effort to obtain better trade relations with South and Central America. This has been hampered by the Mexican confiscation of American properties and by the fact that the so-called Good Neighbor policy will be injured if Mexico is not brought to book and may be scarred somewhat if Mexico is. But the Division of American Republics which has replaced the former Latin American Division, and is being aided by the newly made Division of Cultural Relations will—the Department believes—be able to clear away any misunderstandings and, in due course, add to our trade on the southern continent.

Good trade with South America

LAST year we exported goods valued at $318,384,000 to South America and imported $421,760,000. In the first seven months of this year the ratio was not greatly changed. The efforts of the fascist countries to urge their ideas on the New World do not seem to have met with great success. The other affairs of the State Department may be lumped under the head of routine. The effort to obtain reciprocal trade treaties is being continued, with probable success so far as Great Britain is concerned.

Treasury has had a wasp in its jam pot all summer. It is borrowing about $2,500,000,000 annually and of course wishes to raise as much money by taxation as possible. Business maintains that, if it is overtaxed, it will be so handicapped that the Treasury's take will decrease. The only other source of revenue is the income tax on individuals, and the proposition to lower the exemp-



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tion encounters the fury of the present exempt. At the moment there is no indication that Treasury will let up on its cry for higher taxes on business or that it will advocate a broadening of the base.

It has had other troubles. This might be expected of a Department which has 50,000 employees, most of whom have to do with the citizen's pocketbook. It watches every check the Government pays out, prints the paper money, bonds, stamps, blank forms and the like, and stores gold and silver. It watches the international monetary situation, handles the $2,000,000,000 stabilization fund, of which, by the way, only $200,000,000 has been at work, that Social Security fund which has been such a headache, and a dozen or so agencies such as the Secret Service and the Coast Guard and the Narcotics Bureau.

It watches the national banks and the state banks which are members of the F.D.I.C. and the Bureau of the Customs. It enforces the anti-dumping statute which the A.A.A. has declared null and void so far as American dumping is concerned. One of the major irritations of the summer has been located in the Bureau of Internal Revenue. A new plan of decentralizing income tax cases is being tried, by which taxpayers may undergo questioning at the regional city nearest their homes instead of coming to Washington. The Department thought that would please the taxpayers but not all have been pleased.

"We've got to have banking legislation in 1939," said a Treasury official. "That's the big thing ahead of us. The rest are flea bites."

Immigration will come up

THE Department of Labor is facing a possible work-over of the immigration and naturalization laws as a result of events in Europe. Too early as yet to be more definite. The Dies committee on alien activities threatened to subpoena Secretary Perkins to find out why she has opposed the repatriation of Harry Bridges. This difference of opinion will be aired in the Seventy-sixth Congress. The wage-hour law is also handled through the Labor Department but indications are that, whatever questions for settlement may be presented to Congress, they will not be offered in an acrimonious spirit by either side.

Commerce and Interior and Agriculture will, of course, ask for more money, but the summer's work in each has been mostly routine. Agriculture's New Line activities are giving trouble, because the farmers are reported not to like the crop control plan very well, and the housewives are beginning to protest over the plan to ask for a processing tax on farm products which will take another $300,000,000 out of their budgets. The Old Line has been going along about as usual, looking after 233 game refuges covering 7,559,469 acres in 38 states, setting 100,000 traps for grasshoppers and scattering 200,000 tons of bait for them over 150,000 acres.

Justice will ask for more money. Assistant Attorney General Thurman Arnold wants 100 more men to handle the antitrust end of the Department's activities, and his plea will probably be

strengthened before Congress by the fact that he is on the Temporary Economics Committee, headed by Senator O'Mahoney, which is making a general survey of all business laws and business operations. Attorney General Cummings will ask that Congress amend the antitrust laws in four particulars:

1. Amend the Clayton act to provide that knowledge on the part of corporation officials of violations of the penal provisions shall be *prima facie* presumption of authorization.
2. Provide more stringent penalties for such violations.
3. Authorize the Government to appeal from court orders granting new trials after defendants have been found guilty.
4. Remove from a trial judge the authority to free a defendant who has been found guilty by a jury, if such authority is now found to exist.

Modernize the postal laws?

POST OFFICE is looking toward the Seventy-sixth Congress with a wish in its eyes and small hope in its heart. The Department, William L. Slattery, comptroller and budget officer, told the Appropriations Committee of the Seventy-fifth Congress, would like to have "the postal laws, starting with the act of 1792, consolidated, modernized and codified. I tell you that the mass of financial postal legislation growing from permanent limitations in temporary acts, riders to deficiency appropriations, permanent law in emergency acts, the annual appropriations, and the mass of general statutes passed in the past 150 years constitutes a maze too great to be coped with in these modern days. Our present procedure goes back to 1836. Much is vague. Much is contradictory."

The Post Office does not even keep its own accounts. This is done by the Comptroller General, who "will furnish particular information or details from the accounts and records upon request of the Postmaster General, reciting the necessity therefor." Mr. Slattery observed:

If that does not set up the Comptroller General, as to postal accounts, over the Postmaster General, the responsible head of the Postal Service and a member of the President's cabinet, then it has no meaning at all.

Post Office wants this changed. There is no objection to the Comptroller General's power of audit, but Post Office thinks it should be permitted to keep its own accounts.

The round-up of the summer's activities of the Old Line has been of necessity brief and the anticipation of its demands on the Seventy-sixth Congress compressed to a capsule.

Little has been said of what the New Line will ask. Perhaps a new Department of Largess, with Harry Hopkins at the head. Perhaps a Department of Conservation to which Agriculture and Interior will contribute over the dead bodies of Secretaries Wallace and Ickes.

Perhaps a Department of Education, Guidance and Sweet Singing. In any case the New Line will ask for plenty as it rolls over that part of the Old Line which gets in its road.

"I Want Facts, Not Opinions," on Insurance Costs



Here are the facts about Lumbermens

How 300,000 motorists and property owners reduce insurance costs

The head of a business is entitled to have the facts about the company which is writing his casualty insurance. Here they are as regards Lumbermens:

1. Lumbermens has paid dividends to policyholders each year for over a quarter of a century. Last year these dividends were more than $4,000,000. This has meant average dividend savings to automobile policyholders since organization of more than 20%. Last year compensation policyholders saved up to 40% while boiler, burglary and plate glass insurance and fidelity bond policyholders saved 25%.

2. These dividends are made possible by:

a. Lower expenses—10% to 15% is saved of every dollar you pay as compared with most other casualty companies.

b. Lower losses—as much as 10% of your premiums are saved through Lumbermens careful selection of policyholders and its safety program.

3. Lumbermens has over $30,000,000 in assets and net cash surplus of over $4,000,000. On January 1, 1938, 61.8% of all assets were in cash and U. S. Government Bonds. A complete list of all bonds and stocks owned appears in each statement published.

4. Lumbermens has grown in size, strength and premium income every year for over a quarter of a century—through war, panics and depressions. This record, unsurpassed in insurance history, is your assurance that all claims, including those of a serious nature which may have to be paid over a period of years, will be met in full.

5. Lumbermens service blankets the United States and Canada. Sixty branch offices, hundreds of representatives and thousands of agents located in every state and province serve over 300,000 policyholders promptly.

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Your Bill for Government Frills

(Continued from page 30)

tariff and taxation, insects, irrigation, drainage, water power, roads, weather, astronomy, meteorology, political science, foreign relations, labor, Indians, transportation, the Navy, the Army, mining, engineering, surveying, chemistry, immigration and commerce.

The War Department contributes a 196-page illustrated document entitled the "Army Cook," the Navy Department offers instructions in the operation, care and repair of blowers. For the art collector there is research on Chinese bronzes; for the anthropologist, a report on the excavations at Boghaz-Keni in the summer of 1907. Was primitive man a modern savage? The Government tells all. The Department of Commerce spied upon the fish in the Panama Canal, tells what happens when a fish from the Atlantic meets a fish from the Pacific.

They are all documented. The index of a year's supply of government pamphlets, leaflets, booklets, bulletins giving the results of these investigations fills 200 pages of fine print. The printing bill alone is $20,000,000 a year. But the real cost is in the research.

The Bureau of Foreign and Domestic Commerce launched research projects, found that "automobile cleaning cloths remove dust and grease in a jiffy." It also learned that "baby pens can be built from canvas to fit any situation," that "bath mats keep your feet clean," that a "folding chaise lounge is the last word in relaxation," that "cheese-cloth is the mechanic's friend," that "kimonos or bath robes are almost alike."

"The abdomen is the belly," according to the Department of Labor.

Music for earthworms

AN OFFICIAL document entitled "Earthworms as Pests and Otherwise" tells how a government investigator found that earthworms could be lured out of the ground with worm music. He made the worm music by fiddling on sticks, sinking one stick into the ground and rubbing it across the top with another.

The government worm specialist confesses that he fiddled in Maryland without much success, but asserts that fellow fiddlers in Florida were reported as having lured worms out of their holes from a radius of 30 feet. He discovered how to make a noise like a worm—wetting the lips and opening and closing them without moving the jaws.

Let a federal man or woman get hands on an appropriation and he or she is off to new adventures—with $25,000,000, for example, to build fences in the dust bowl, watering troughs at frequent intervals in the pastures so that cows won't run off their milk, and otherwise to develop and administer a land utilization program.

The public must be educated. "Sleep" was investigated and made the subject of a 22-page illustrated booklet. Other "educational" research includes "motivation in arithmetic," "training in courtesy," "elementary education for adults," "pine needle basketry," and the "need for sex education for parents and their children."

The people are ignorant, despite a $15,000,000,000 educational plant with $3,000,000,000 a year for education—more than all the rest of the world spends. They knew nothing about the cost of American almshouses until the Labor Department enlightened them; nor did they know the definition and manner of preparing caviar until the Bureau of Fisheries gave them the information. They were woefully ignorant of the idleness in old people's homes until the Labor Department explored that field.

Were it not for the Bureau of Fisheries, the people would know nothing about the habits of the mud puppy. Who knew, before the Public Health Service found it out, that there are fleas on wild animals in Bitterroot Valley? The people had to be told how to propagate carp artificially and the esthetic delights of having cacti in the home would never have been appreciated but for the Bureau of Plant Industry.

The Department of Commerce found that the American business man does not know how to behave himself in a Government conference. In "Conferences" it is stated that "every conference consists of the representatives of groups. Conferences are essentially representative bodies, and it is group expression which is desired of the members rather than individual expression."

The Department of Agriculture investigated the mental processes of the farmer, found that "if an individual, whether farmer, home maker, or extension worker, is to be master of his job it must be the result of correct choosing or deciding," added that farm people are continually choosing, there is sequence in choosing, there are marketing choices, farm choices, home choices, individual or human choices, relative importance of choices, and timeliness of choices.

The Public Printer reports that last year he produced nearly 200,000,000 copies of books and pamphlets on investigations by the various government establishments and the proceedings of Congress. Most of the publications were distributed free by members of Congress and the federal departments. Some were sold by the Superintendent of Documents.

The real cost of these free bulletins must be $500,000,000 considering the cost of the research, the overhead, the salaries of research workers and their



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assistants, besides the printing costs and distribution charges. A $4,000 a year man may spend a year or more investigating a subject for a government publication. He may travel all over the United States and go abroad, if necessary, to obtain facts. Punch card operators and tabulators are set to work on the statistics, and another six months may be spent in writing the manuscript with the aid of stenographers, clerks, and office boys.

The manuscript is pondered by heavy-thinking editors whose job is to see that the statistics and illustrations are properly proportioned, and that there are no typographical errors such as the time when a bulletin slipped out in which "oats" became "cats"—so many bushels of "cats," the diseases of "cats," how the "cat" crop is distributed, and the consumption of "cats." The author is instructed that the more scientific the subject, the more dignified should be his style and language, and that a bulletin intended for the general public should be simple (sic).

Two years may have elapsed since the author began his investigations. His finished manuscript is filed with the 200 or 300 others awaiting publication at any one time in each federal department, because there is also great competition among the 20,000-odd Government authors to get into print. Another six months slip by. By now, the practical value of the publication, if it had any in the first place, has disappeared.

In the current catalogs, the Government offers books about the market for canned goods in British Malaya in 1927, on the castor oil industry in 1920, the distribution of candy in the United States in 1928, the Bombay bullion market in 1927, on the lead industry in North America, South America and Oceania in 1925.

Steady growth of "research"

THESE examples are not the boondoggles of a rampant W.P.A. They are typical of thousands of activities in the whole crazy quilt of government administration. For years the federal departments had been expanding, adding laboratories, opening branch offices, sending investigators all over the world.

The bureaus resented at first the incursion of New Deal agencies with their billions of dollars of appropriations. Now everything is peaceful. The New Deal agencies turn over to the departments the millions needed to do the things they had long wanted to do.

These things now have become a part of the fabric of government and the bureaucrats defy any one to separate them out. They must be perpetuated. But as the Department of Agriculture so well points out, the people have choices. If they choose, they can order Congress to stop the waste. They can do it now while the appropriations bills for 1940 are in committee. It is conceivable that their elected representatives in the House and in the Senate would refuse their demands. What would the people choose if they had to pay the tax directly, a check from everyone who works of roughly $12 for these alleged services? We wonder!

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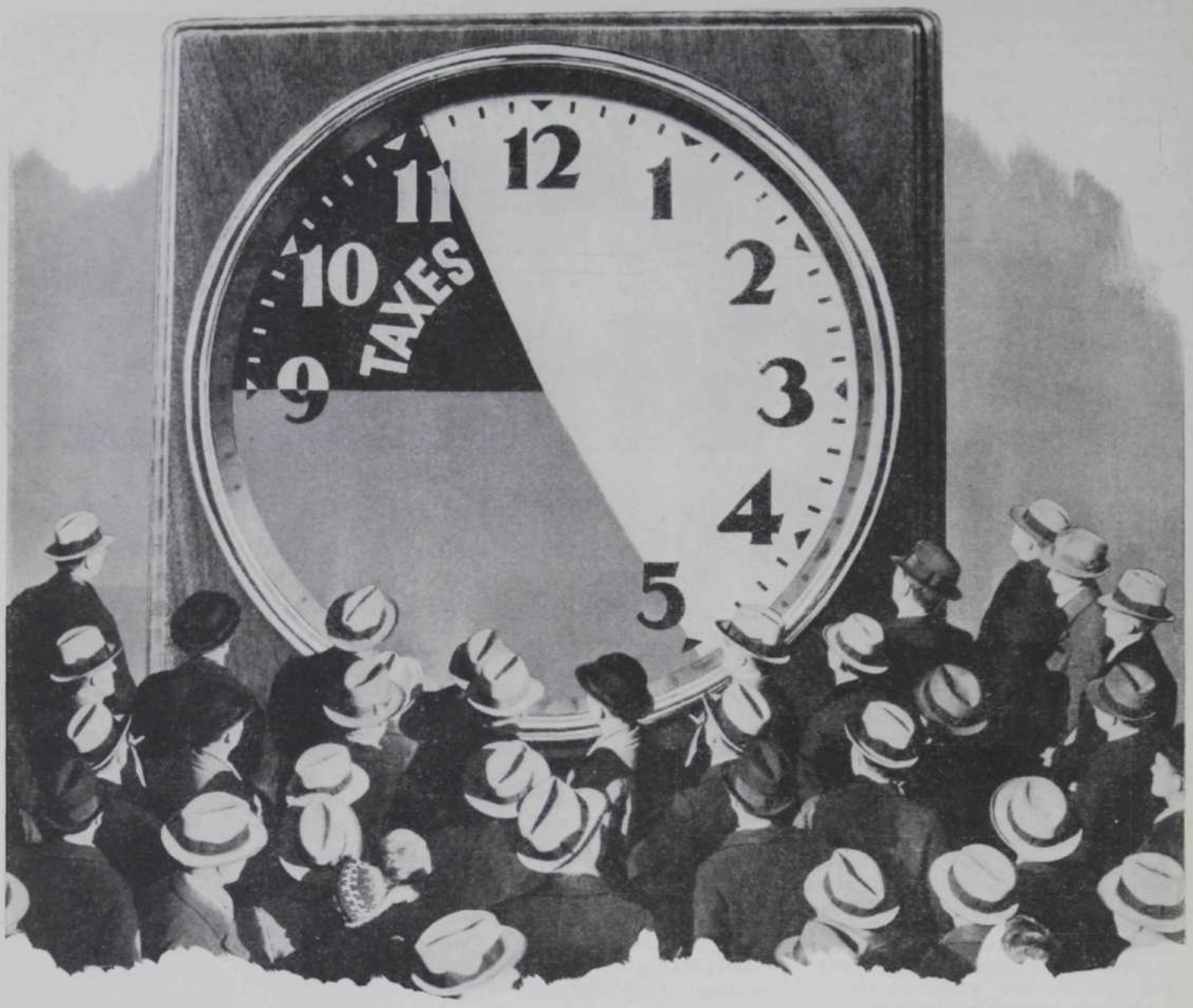
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Those who work, who produce any income, must carry a heavy burden—until recently a burden which in America was the lightest among all nations. As the clock shows, each of us now works over two hours each day for government expenses.

Of this $120,000, the share of all those engaged or employed in retail and wholesale trade is $14,000 for each minute of the working day.

Those employed in factories must work to help pay the $34,000 per minute contributed by the manufacturing industry.

Don't be among those thoughtless ones who glibly say, "I don't pay any taxes." Most taxes are "hidden", many of them deliberately. The strategy of tax-eaters has been pungently expressed by one of them: "Pluck the goose with the least squawk."

When you buy a ten-cent loaf of bread you are contributing to 52 taxes. There are 154 taxes wrapped up in a cake of soap.*

Of course, no one resents paying taxes for the necessary functions of government and for relief in times of great emergencies.

But nearly one-third of our present government spending is not for relief or the normal needs of government, but for new activities and experiments, which have a way of becoming permanent burdens.

Cut government costs to the essentials and the resulting lower taxes will permit private enterprise to move forward as in the past, creating jobs as it goes.

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Construction Industry on the March

NEW tendency of business to take the initiative in promoting recovery, independently of government, was revealed by officials of building and allied industries at Washington conference. Expect volume of business comparable to post-war recovery years of 1922-24

MORE THAN 40 per cent of the nation's wealth in 1930 was represented by buildings and engineering structures. Revival of the construction industry and its capacity for creating fixed wealth is therefore more important to the general welfare of all America than pump-priming or temporary relief of unemployment. That view was expressed by speakers attending the Construction Industry Conference in Washington, sponsored by the United States Chamber of Commerce in cooperation with the Construction League of the United States and Trade Associations in the construction field.

A job for private enterprise

BUT, if the construction industry is to assume the leadership in hauling this country back to its normal business activity, private enterprise must, and is prepared to, do the job.

There has been too much planning and too little action to suit representatives of the industry. Their vigor has been chilled by schemes that would revolutionize their business, create thousands of dime-a-dozen houses overnight, transplant whole communities and set up new industrial areas. Although grateful for the aid government has offered in the past, they think it is now time to set out on their own initiative. Conference speakers, all drawn from the industry, directed attention to the marked revival in private building.

Perhaps one of the most significant developments of the conference was a get-together between leaders in the construction industry and representatives of ten building trades unions. Views were exchanged as to the possibility of working out some practicable method of eliminating stoppages which add to building costs. In this connection attention was called to the agreement worked out by the U. S. Housing Authority and the Building and Construction Trades Department of the A. F. of L. This agreement covers two points:

1. There shall be no stoppage of work as a result of jurisdictional disputes on any public housing project until the matter has first been submitted for determination to the Executive Council of the Building and Construction Trade Section of the A. F. of L.

2. There will be no increase in wage scales on the project during its construction.

At the close of the session, the Chamber of Commerce was instructed to arrange further conferences of the union officials and representatives of contracting, building materials and finance groups. No attempt was made at this meeting to reach definite conclusions.

One speaker expressed the belief that the industry is headed toward a definite goal of at least $4,800,000,000 a year—more than twice as much as it has averaged since 1930 and about the same level maintained from 1920 through 1924. In the boom years, 1925 through 1929, the average was nearly $7,000,000,000.

Expect a steady growth

VETERANS in the field anticipate no spectacular building stunts. They do not expect to be swamped with orders for pre-fabricated houses nor for a type of mass production that will turn out standardized homes. They believe, however, that improved construction methods, stabilized financing practices and gradual abandonment of obsolete structures form the basic groundwork for an improving construction market.

In other periods of industrial expansion the building industry has generally been stimulated by some new industry which required an extensive construction program. But since no such industry appears on the horizon today, building plans to push the sale of its wares in markets where obsolescence has been chopping away at foundations for almost ten years. Emphasis will be shifted from building *more* to building *better*.

"Industry," said one speaker, "has plenty of space but needs to intensify and improve its methods. It is ready to scrap old plants, decentralize its operations and to migrate to territories where it can make better products cheaper."

Thousands of new dwellings are also needed, not only to meet the shortage of living quarters, but to replace old homes that lack improvements which have become standard since 1930.

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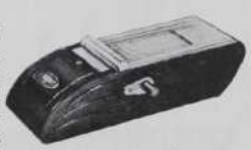


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in the 1930 inventory of national assets was $70,000,000,000, the most valuable single category except land. There are probably more obsolete units in this category than in any other. The need for more houses to care for an increasing number of families is steadily mounting. The big job for home builders is to find a way to house those whose incomes fall below $3,000.

Wilson Compton, of the National Lumber Manufacturing Association, said that the number of families paying $50 or more a month for rent has declined two-thirds since 1930. Two-thirds of the market to which the building industry catered during the 1920's has disappeared. Assuming that a family with an income of $2,500 or less should not spend more than 25 per cent for housing, then 85 per cent of American families are not safe prospects for new homes costing more than $6,500; 75 per cent for homes costing more than $5,000; and 50 per cent for homes costing more than $3,000. More than half of the homes built since 1930 were more than $5,000.

Too many are subsidized

THE Government's housing program, said John Mowbray of Baltimore, is not caring for the slum families but is giving housing facilities at less than cost to specially privileged families able to pay their way in the normal rental market. He conceded that the Government must provide rental subsidies to those who can afford to pay no more than $2 to $4 per room per month, but private industry can handle the rest. If the present government subsidized program is to be taken as the standard, 30 to 40 per cent of our population would be included in the "slum" definition.

The construction industry's answer to the slum problem is the reconstruction of "blighted" areas of large cities, or "Reurbanization." The blight problem can be overcome only by replanning and reconstructing entire neighborhoods. Low cost housing is only a part of the task. A good neighborhood must have playgrounds, safe highways and recreational areas. Mr. Mowbray suggested the organization of neighborhood reconstruction corporations with the power of eminent domain and the nature of public service corporations to undertake this task.

Community improvement in urban centers is expected to offer a growing market. Even in areas not hit by blight the demand for more open spaces and recreational facilities is increasing. That will call for large scale rearrangement of existing construction. Elevated express highways were declared an absolute necessity for congested urban centers by V. G. Iden of the American Institute of Steel Construction. Even Main Street with its 2,000,000 relics of grandfather's day has the possibility of developing into a $1,000,000,000 reconstruction job, said F. T. Brown of the Missouri State Chamber of Commerce.

Industrial construction offers as much possibility for expansion to the construction industry as does the housing situation. Leaders in the industry are inventing new ways to aid manufacturers now operating under obsolescent conditions. One such was presented by Harvey Porter, vice president of the Industrial Corporation of Baltimore, who said that industry needs to divorce its investment in plant real estate and buildings from its own capital structure into logical territorial "industrial real estate investment trusts."

Building for industry

IN explaining his proposal he said:

This type of "industrial real estate investment trust" is not to be confused with cooperative industrial or bee-hive buildings. The new plant investment trusts would build individual plant units for well established or soundly backed industries in carefully selected locations, but of modern, more or less standard plant design, adaptable to varied lines of manufacture. Initial contracts for these units would have to be long enough to justify the investment and partially amortize the risk. The right to purchase would usually be included in standard lease agreements.

How does the construction industry expect to get all this new business? Can it organize all its varied units and "go to town" on a sales and production program?

Most of those who attended the conference believe it can. The first step has been to look elsewhere than to the Government for motive power. A second step is the attempt—just beginning—to cooperate with labor in settling jurisdictional and wage disputes. Arrangements for training more skilled workmen have also been worked out in many trades.

Help for the home builder

BUT perhaps the most important of all is the industry's awakening to the need for aggressive selling methods. Thousands of homes that were actually wanted have never been built because the prospective builder became discouraged in trying to put all the loose ends together. Several plans to help the home-seeker are now operating. Those mentioned at the conference as possible models were the Buffalo Architects Certified Homes Association and the unit selling plan in force at Bluefield, W. Va. In both places the home-seeker makes all his arrangements including financing at a central office even though he may choose whatever banker, architect or contractor he wishes.

One contractor even proposed that builders go one step further: let furniture be sold together with the house so that the owner's monthly payment would include a portion for his davenport, chairs, table and rugs.

In putting over the unit selling plan as well as the other proposals the industry hopes to enlist the help of local chambers of commerce.

Manufacturers interested in the housing field are changing from an economic to a comfort appeal in their advertising. Institutional campaigns in which various building groups band together may be expected soon. They will stress the advantages and joys of a complete home and attempt to make houses the number one "want" of every family.

As for improved production methods on a mass scale, C. I. Cheyney of Bluefield pointed out that they are already in use in the large cement, plaster, paint and plumbing fixture factories and even in lumber manufacturing. Wilson Compton described new ideas in lumber manufacturing as exemplified in his association's laboratory near Washington, D. C.

There they found that a joistless wood plant structural floor saved 60 per cent in labor time and 14 per cent in lumber and a studless wall saved 30 per cent in labor, 18 per cent in lumber.

The construction industry is no longer wailing at the portals of a paternal government. It is on the march toward more profits for itself, better living for everybody and may yet be the one great industry to lead the country to an extended prosperous era through the strength and stability of its own resources.—R. L. V.

Preview of Tomorrow's Leaders

(Continued from page 36)

I must confess that I have held for the last a measure of worth that weighs heavily with me.

There is still a deeper bond. When a young man wins the affection of his teachers, when he is one whose advancement brings real pleasure to superiors, it is clear that he has touched chords of friendship which are stronger than formal relationships.

When respect and affection reach downward and youthward in our executive structures, we know that continuity will be assured. When a high executive says of an extraordinarily capable youngman-of-the-ranks that he should be proud to have him as a son, the future of that business holds promise of evolutional rather than revolutional progression.

Youngsters show promise

PERHAPS you would wish that I summarize these attributes; but to do so would depict the non-existent paragon. Rather, may I leave it that in these qualities lies the stuff from which future leaders of American industry will be made.

Today's business leaders are attracting to their ranks a promising coterie of youngsters who, quietly and unobtrusively, are moving forward to the inevitable day when they will take over the helm.

For a school teacher who is giving his life to the coming industrial generation, this revelation of the standards and ideals of those who will be tomorrow's leaders has been not only encouraging but inspiring. May there be in your organization one of these young men who is winning your admiration, commanding your respect and bringing joy to your heart.

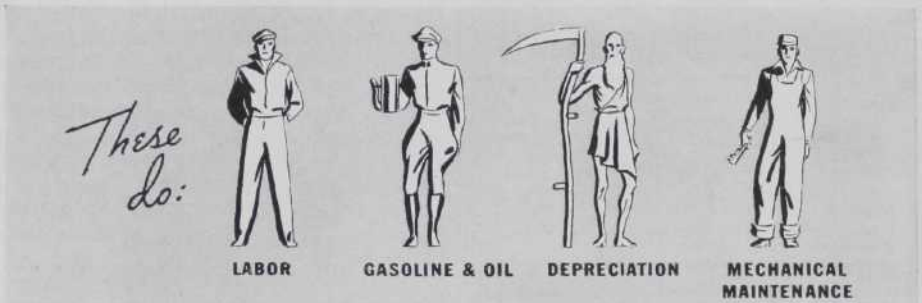
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..reduce your TIRE EXPENSE

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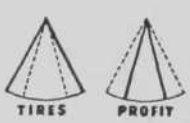
And the money you make is whatever portion of your truck dollar that is left after all expenses are paid.

Now who gets a slice of your dollar?



Try as you will, the possibility of reducing the slice these get, is mighty small.





AFTER THESE 5 GET THEIRS, YOU GET YOURS

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Raleigh, N. C.

What Business Can Learn from Politics

(Continued from page 25)

ing for something to build a complete story around—while the union was giving us plenty of copy—and what did we get? A stiff-necked written statement full of legal language meaning absolutely nothing to the man in the street. Say, if there's anything drier than a handout prepared or approved by a lawyer, I've never seen it. When a lawyer gets through with a press release it sure is desiccated. And they seem to take a pride in such language as 'condoning illegal practices' and using all the Latin roots . . ."

"Maybe they're trying to justify an expensive education," came a wisecrack through the haze of smoke.

Anglo-Saxon preferred

"MAYBE so—but it's expensive for their cause, because while the public is trying to figure out what they are talking about the labor leader sticks to good old Anglo-Saxon English, delivered in person, and steals the show.

"The labor leaders are human, easily approached, and always have time for us. Because they know their business, they don't have to spend a dime and, if you've noticed it, they generally get the headlines. Why? Simply because they make copy!"

"But you've forgotten something—those full-page ads in the newspapers," I ventured.

"Well, the advertisements are fine as far as they go but they don't go far enough, particularly when you leave out the leading tabloids. But no paid ad will offset an unfavorable break on page one."

"Right you are," broke in Gravin. "And don't forget that millions of people who go to the movies each week seldom read a paper, except possibly a tabloid, and wouldn't read a full page of type even if they bought the paper and saw the page. Furthermore, these are just the people who now exercise political power in this country—the voting masses who emote more than they reason. To get popular support, they are just the ones you have to reach and there is no more effective means than through the theaters."

"Wait a minute! How about the radio?"

"No, I was just coming to that. I would say the radio reaches the same element as the newsreels if they want to listen. But while I'm not denying the pulling power of radio, you'll admit it's mighty easy to 'tune it off,' particularly a speaker with whom you do not fully agree. But if that same person is on the screen in a theater you must see him and hear him. You can't escape unless you crawl under the seat.

"And if he is effective his impression will stay with you and the effect is like advertising. It is cumulative."

The newsreel lasts longer

"YES, and don't forget this," said Smythe, "the radio talk is on once and gone. If you miss it—that's just too bad unless perhaps you see it in print. But the newsreel runs an average of about 20 times in each theater, and a month or more throughout the country, so if you



Every executive needs to be able to handle himself with the press and get his company's story before the public

miss it today you may see it tomorrow or even later.

"And that's the kind of opportunity many business leaders have been asked to take free because they had news, and they muffed it."

During the entire discussion, Brewster, the public relations counsellor, had offered only one short sentence but somehow it lingered in my mind—"If business leaders had any vision of the main job ahead of them in years to come."

I felt that if I could draw him out he could offer a worthy contribution to the subject.

"Well, now, Mr. Public Relations man," I said, "you no doubt act for several large corporations. What have you to say for yourself—and for them?"

Many top men are backward

"AS FOR our firm," he replied, "remember we are counsellors. We can only recommend. We can't force clients to do as we say. As for the public relations men in an average company, most of them are able but haven't the power to carry through. They can buck higher authority just so far and then their jobs are at stake. Even the best of them seldom have the rank essential to a fearless presentation of their convictions; and the mediocre ones soon become order takers and 'yes' men. That's one reason we think we can do a better job from the outside. But we also have plenty of grief."

"Of what nature?" I asked.

"One trouble is that most top executives, and practically all directors, think they are experts on public relations and mass psychology.

"Actually most of them don't know what it is all about. And never was it more evident or more harmful than today."

"When do you think they will begin to get their eyes on the ball?" I asked.

"There's no telling," Brewster continued. "The average business man wants to be let alone. He feels that his job is to manage the business successfully and return a profit. But from now on he *won't* be let alone, and unless he takes more seriously his *personal* part in the big selling job ahead for all industry, there won't be any profits for anybody in private enterprise. He doesn't realize how times have changed—that today nothing is sacred, not even property rights.

Business should investigate

"AFTER what has happened in the past five years wouldn't you expect the executive to become just a little introspective? Wouldn't you think he would follow the same methods he would use if one of his company's sales campaigns flopped?

"Wouldn't you expect him to decide something was wrong when he found out that he could sell the public his *products*, but could no longer sell it his ideas of what is best for the country? Wouldn't you expect him to try to figure out where he had slipped up?"

"But haven't they done that?"

"Not so any one could notice it. While the enemies of American institutions are aggressive, organized, and shrewd, most of its friends are timid, baffled and inert, utterly astounded when they gradually awake to find themselves and their works on the defensive. In assuming that the record of past generations will assure the future, they have taken far too much for granted. In this ballyhoo age an institution must not only do good work but eternally call attention to it! Indeed, the second is often more important than the first."

"To get down to cases, what would you suggest?" I asked.

"Well, they must first learn to talk to the American people in the language organized minorities and successful politicians have taught them to expect," Brewster continued. "Appeal to the masses more in terms of emotions than logic; be human rather than legalistic; and realize that personality and showmanship are far more potent today than reams of cold facts and scholarly reason."

"But wouldn't that be a bit demagogic?"

"It's common sense. The same approach is used in every merchandising sales campaign. But curiously enough, the executives who spend millions on the cleverest methods of selling soap, or automobiles, or whatnots, haven't yet seen the necessity of using the same successful principles in the most vital sales problem of all—reselling to America our system of property, profits and private initiative.

They can't delegate this job

"THERE are exceptions, including a number of associations and trade organizations run by able public relations men. But the very fact that these are organized for such a purpose makes them vulnerable, a ready target for enemies, and limits their influence. Anyway, they're only a drop in the bucket. If business leaders think subscribing a little here and there will do, or that they can delegate this job to others, they are in for a rude awakening. If you want my candid opinion, no executive in any corporation is worth five figures of any company's money unless he can handle himself with the press, or select others to represent him, in a manner to get his company at least a fair break before the public.

"This sales job has been neglected for a generation. Far too much grass has grown under our feet in the past decade—and a good portion of it is no longer green but red—to permit any such makeshift methods.

"For certain economic and social trends have been exploited to undermine the American industrial system and to cause millions of Americans to lose faith in its leadership!

"As industry gets ready for this battle for existence," he concluded, "it needs salesmen more than ever in history. It is crying aloud for courageous leaders with a vision of what lies over the horizon and determination to get results. They must be willing to cut their cloth according to the pattern of the times and dramatize the issues so Americans will eventually see the folly of sacrificing our heritage for a mess of pottage."



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See WOODSTOCK TYPEWRITERS

The New Future of Air Transportation

(Continued from page 32)

ment to maintain and continue the development of air transportation to the extent and of the character and quality required for the commerce of the United States, the postal service and the national defense."

3. It provides for the issuance of certificates of public convenience and necessity to the air lines.

The first of these three results of the Act creates the machinery for smooth, efficient administration of air transport regulation.

Not only does it eliminate duplication, but it avoids the inevitable confused leadership in air transport policies resulting from division of supervisory authority.

Methods of compensation

THE necessity for analysis and possible adjustment for rates of pay for air mail has already been discussed. The new law allows the Authority to develop one or more new formulas for the compensation of carriers.

Since the classes of air mail service now being rendered vary greatly it is logical that the Authority may develop several different methods of compensation.

For example, transcontinental operators carrying heavy volumes of mail across the country represent a class of service that lends itself to the pound-mile formula, a strictly "payment-for-service-rendered" method of compensation. The principal feeder lines carrying much less volume but nevertheless handling a considerable amount of traffic represent another class of service. Since applying the pound-mile formula to these feeder lines would be inequitable, a separate method might be required. Finally, the smaller lines established for the convenience of cities which do not originate sufficient volume of air mail to take them out of the subsidy class require a third type of compensation.

Various methods are possible

THE phraseology applying to the method of compensation for mail indicates the unusual flexibility of the Civil Aeronautics Act:

To prescribe the method or methods, by aircraft-mile, pound-mile, weight, space, or any combination thereof, or otherwise, for ascertaining such rates of compensation, for each air carrier or class of air carriers.

This legislation fixes no arbitrary limit on the financial formula for compensation for mail; it does not specify that air lines cannot earn beyond a certain small percentage.

The third major clause in this legislation applies to the issuance of certificates of public convenience and necessity.

In the first place, it offers the air lines the stabilizing effect of permanence in form of franchises covering their routes of operation. The substantial investments that the lines have made on their routes are protected and this in turn simplifies their job of obtaining new capital for expansion.

Furthermore, it appears that the new Act will thaw out the rather fixed status of the present air line picture which was "frozen' by the Air Mail Act of 1934.

While the new legislation allows expansion of route and service in the interests of public and postal service, it nevertheless should eliminate unwarranted extensions of route and service, the principal result of which would be financial detriment to the operator concerned.

To administer the Civil Aeronautics Act the President has appointed an Authority whose members have already met with air line managements to consider the current problems. The members of the Authority have manifested a strong and serious interest in a fair and intelligent administration of the Act.

In turn the air lines have displayed a desire to extend the fullest possible cooperation to the Authority.

Thus it appears the stage is favorably set for a new era in air transportation.

Service is excellent

EXAMINATION of the air transport business today reveals that, although there is red ink, there is also a remarkably well developed service. This service will handle more than 1,000,000 passengers this year.

It is significant that, throughout the past decade when business progress has been made uncertain by economic conditions, the air lines have shown steady gains in passenger traffic.

But the lines still have a long way to go in conquering their major sales resistance of fear and their other job of educating the public to the fact that fares are less than popularly supposed and well justified on an "hour-wage" basis.

The present sales promotional activity is highly intensified and next year will see increased effort in selling the public, which should result in a continued gain in passenger and express revenues.

Thus, from the air lines' standpoint, the future under the Civil Aeronautics Act of 1938 appears to promise sounder economics, more constructive development, a smoother functioning industry with coordinated administration and regulation. Beyond this is the importance of this new future to the traveling public.

I believe that the public can confidently look forward to a continuation of the steady improvement of service, to provision and expansion of service to meet every public need, to the availability of such service on as economical a basis as possible, and to the maintenance of the constant technical progress which is ever increasing the dependability of scheduled air transportation in our country.

Shake Hands with Our Contributors

FOR YEARS before the politicians took up social security, an organization known as the American Association for Social Security was actively campaigning for a system of old age pensions. **Abraham Epstein** became executive secretary of that organization in 1927.

He has helped build up a membership of 6,000 persons while directing his organization's drive for adequate security legislation.

He has also served as director of the Pennsylvania Old Age Commissions, organized the Workers Education Bureau and served as a member of the committee on Operations of the New York State Unemployment Insurance System. For several years he served as one of the three American representatives on social insurance for the International Labor Office of the League of Nations. He is author of "Facing Old Age" (1922), "The Problem of Old Age Pensions in Industry" (1926), "Insecurity—A Challenge to America" (1933 and 1935).

Jonathan Hasbrouck is the pen name of a New York news reel executive who has also served as an editor and director of public relations.

W. A. Patterson is president of the United Air Lines. He was an official in the Wells Fargo Bank in San Francisco when he resigned to accept the position of assistant to the president of the United Air Lines in 1929. Two years later he became vice president and in 1933 was elected president. He represents the air transport industry on the transportation committee of the U. S. Chamber of Commerce.

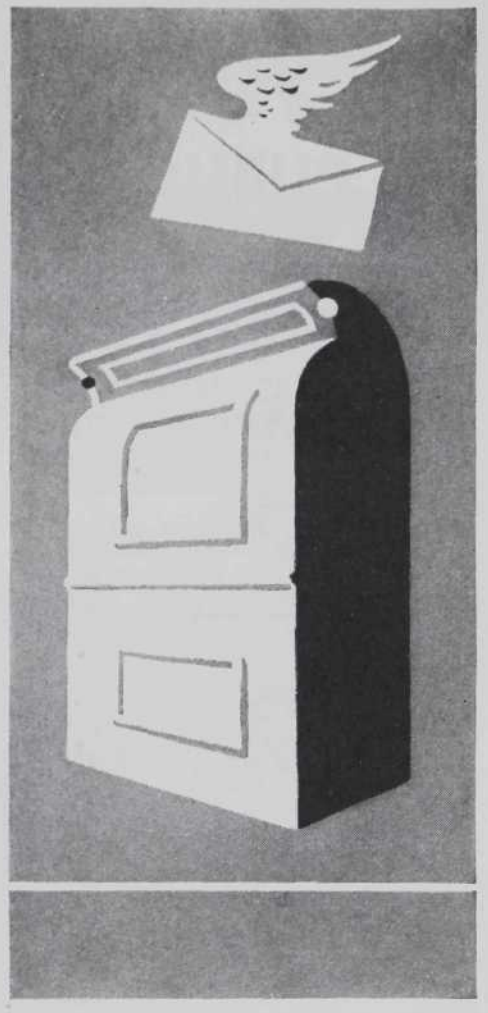
Prof. Erwin H. Schell is in charge of the Department of Business and Engineering Administration of the Massachusetts Institute of Technology. He has served on the staff of several well known business concerns including the American Locomotive Company, U. S. Cartridge Company, Henry F. Miller & Sons Piano Company.

Charles M. Hackett is a newspaper man of long experience, now associated with the public relations department of E. I. du Pont de Nemours & Company.

Herbert M. Bratter was formerly senior economic analyst in the U. S. Treasury Department.

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Younger brothers of your telephone



This one helps entertain and instruct millions

Did you know that talking pictures are a product of Bell Telephone Laboratories research? And that the majority of pictures today are both recorded in the principal studios and reproduced in thousands of theatres by means of Western Electric sound equipment?

(Above is a section of film, with the sound track at left of picture).



This one helps the hard-of-hearing to hear

If your hearing is impaired, you'll be interested in Western Electric's new Ortho-Technic Audiphone. Another outgrowth of Bell System research, this instrument is built on entirely new principles in hearing aid design. It does things no previous aid could do. It will bring easier hearing and greater happiness to thousands.

This one helps people to fly on schedule

When you travel on any of the nation's major airlines, the air-minded brother of your Bell Telephone flies with you. Western Electric radio telephones keep pilots and airports in touch—help to

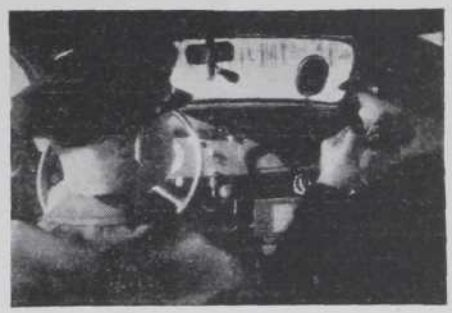


make possible today's splendid airline service. More and more private planes, too, are being equipped with the flying telephone.



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LONG LIVED THE KING

...but it was a hard life



All Europe marveled at the pomp and splendor of Louis Fourteenth. Yet, in all his 77 years, the French King had no refrigerator, fans or telephone . . . no radio or movies . . . no inflated tires on his gaudy coach.

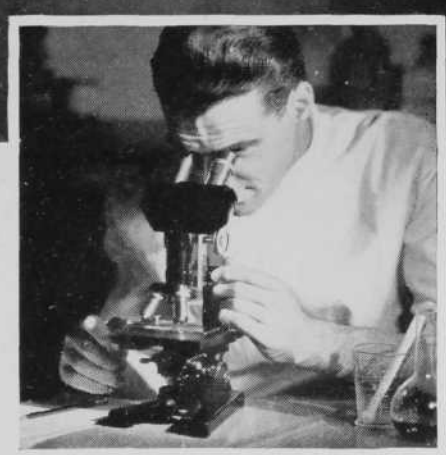
So, it appears that we Americans don't live like Kings at all. We live better . . . far beyond the dreams of our pioneers . . . in a land of peace, coddled by science and invention . . . strengthened by the knowledge that this land of ours will always offer ample rewards to those with faith in the foundations laid down by our forefathers . . . faith in our national destiny . . . faith in themselves.

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BILL CURRIN, Like Most of the Other Independent Tobacco Experts, Smokes Luckies

Mr. Smoker: You say most of these tobacco experts smoke Luckies?

Mr. Lucky Strike: Yes, 2 to 1 over all other brands combined. Sworn records, open to the public, prove it.

Mr. Smoker: How many of these tobacco experts work for you?

Mr. L. S.: Not one! They're all *independent* tobacco men. Auctioneers, buyers, and warehousemen.

Mr. Smoker: Are these men the best judges of tobacco?

Mr. L. S.: You bet they are! Just for example, there's Bill Currin. He's been an auctioneer for 16 years, and has sold millions of pounds of tobacco.

Mr. Smoker: Currin smokes Luckies?

Mr. L. S.: Yes—and has for 15 years. Not only for their fine tobacco, but because of the "Toasting" process.

Mr. Smoker: What does that do?

Mr. L. S.: It takes out certain harsh irritants found in all tobacco—makes Luckies a light smoke, easy on the throat.

Mr. Smoker: That sounds good to me. I'll try them.

EASY ON YOUR THROAT—BECAUSE "IT'S TOASTED"

Sworn Records Show That—

WITH MEN WHO KNOW TOBACCO BEST—IT'S LUCKIES 2 TO 1

WITNESSED STATEMENT SERIES: Bill Currin—Auctioneer—has smoked Luckies for 15 years



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